Annual Report 2019

Making Waves Locally, Globally.

Vision

To be a leading regional financial services group by 2015

Mission

To achieve our vision, we will strive to attain the following:

- Top five financial services group in South/South East Asia, by size and performance
- Undisputed leadership in Malaysia, across all high margin/profitable products/segments
- Truly regional organisation, with 40% of gross loans derived from international operations
- Recognition for delivering innovative and superior value proposition to customers
- Top quartile employer of talent in each of our markets

Core Values

Teamwork

We work together as a team based on mutual respect and dignity

Integrity

We are honest, professional and ethical in all our dealings

Growth

We are passionate about constant improvement and innovation

Excellence & Efficiency

We are committed to delivering outstanding performance and superior service

Relationship Building

We continuously build long-term and mutually beneficial partnerships

Making Waves Locally, Globally.

- Malaysia's Most Valuable Brand
- Malaysia's Top Corporation - Forbes Global 2000
- Malaysia's Leading Bank Brand - BrandFinance Global 500
- Leader in Islamic Banking in Asia Pacific & Among the World's Top 10
- Malaysia's Financial Services Leader in the Region
- Leader in Internet Banking & Electronic Services

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Notice of 49th Annual General Meeting

Wednesday, 30 September 2009 at 10.00 a.m. at the Grand Ballroom, Level 1, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur.

LEAP30

Performance Improvement Programme

Our Transformation Journey

Market Leadership in Malaysia & the Region

A Talent & Execution-focused Company

LEAP30

Performance
Wave 1
• Launch Tactical Sales Stimulation
• Deepen Share of Corporate Customers' Wallet
• Create a Domestic Insurance Champion
• Reduce Procurement Costs
• Optimise IT Project Governance and Re-prioritise Projects
• Capture Value from BII
• Optimise Credit Process
• Upgrade MIS Effectiveness
• Upgrade Performance Management
• Enhance Talent Management
• Enhance Leadership Development Programme
• Ramp-up External Recruitment Engine
• Embed Core Values in the Way We Work
• Set-up PMO
July 2009
• Upgrade Consumer Finance Model
• Improve Customer Service Levels (Bank-wide)
• Upgrade Commercial Banking Model
• Strengthen ECM, Brokerage and M&A Capabilities
• Strengthen Maybank Group's Islamic Offerings
• Establish Governance and Operating Model for International
July 2010
LEAD · EXECUTE · ACHIEVE

LEAP30 - Maybank's performance improvement programme.

Creating positive change necessary for Maybank to:

- Secure undisputed leadership and competitiveness in the Malaysian market.
- Strengthen presence in regional and international markets.
- Become a talent and execution-based company.

Thirty initiatives were identified as critical to improving performance. The initiatives cover nine main areas:

- Human Capital
- Consumer Banking
- Corporate Banking
- Investment Banking
- Business Banking
- Insurance
- International
- Finance
- Operations

LEAP30 stands for:

Lead
Execute
Achieve
Progress

Wave 2

- Upgrade Private Banking Model
- Establish Dedicated Mass Affluent Model
- Bring Mass Customers Back to Profitability
- Upgrade Enterprise Product and Service Offering
- Build a Leading Asset Management Franchise
- Consolidate Islamic Retail Leadership Position
- Build Portable Islamic Retail and Enterprise Banking Model
- Capture Value from Pakistan
- Revisit and Implement New IT Infrastructure
- Realign Workforce with Strategic Needs

July 2011

Time

• PROGRESS

Notice of 49th Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 49th Annual General Meeting of Malayan Banking Berhad (Maybank/the Company) will be held at the Grand Ballroom, Level 1, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Wednesday, 30 September 2009 at 10.00 a.m. for the following businesses:-

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 30 June 2009 together with the Reports of the Directors and Auditors thereon. **(Ordinary Resolution 1)**

2. To approve the payment of a Final Dividend of 8 sen per share less 25% income tax, for the financial year ended 30 June 2009 as recommended by the Board. **(Ordinary Resolution 2)**

3. To re-elect the following Directors, each of whom retires in accordance with Article 100 of the Company's Articles of Association:-
   - i) Spencer Lee Tien Chye **(Ordinary Resolution 3)**
   - ii) Tan Sri Datuk Dr Hadenan A. Jalil **(Ordinary Resolution 4)**
   - iii) Dato' Seri Ismail Shahudin **(Ordinary Resolution 5)**
   - iv) Dato' Dr Tan Tat Wai **(Ordinary Resolution 6)**
   - v) Zainal Abidin Jamal **(Ordinary Resolution 7)**
   - vi) Alister Maitland **(Ordinary Resolution 8)**
   - vii) Cheah Teik Seng **(Ordinary Resolution 9)**
   - viii) Dato' Johan Ariffin **(Ordinary Resolution 10)**
   - ix) Sreesanthan Eliathamby **(Ordinary Resolution 11)**

4. To approve the payment of Directors' fees of RM993,958.87 for the financial year ended 30 June 2009 (FY2007/2008 : RM1,117,889.32). **(Ordinary Resolution 12)**

5. To re-appoint Messrs Ernst & Young as Auditors of the Company for the financial year ending 30 June 2010 and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 13)**

AS SPECIAL BUSINESS:

To consider, and if thought fit, to pass the following Ordinary resolution:-

6. **AUTHORITY TO DIRECTORS TO ISSUE SHARES**

   "THAT subject always to the Companies Act, 1965, the Company's Articles of Association and approval of the relevant government/regulatory authorities, the Directors be and are hereby authorised pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the issued share capital of the Company for the time being."

7. To transact any other business of the Company for which due notice shall have been received in accordance with the Companies Act, 1965.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT the Final Dividend of 8 sen per share less 25% income tax, for the financial year ended 30 June 2009, if approved by the shareholders, at the 49th Annual General Meeting, will be paid on 27 October 2009 to Depositors whose names appear in the Record of Depositors on 15 October 2009.

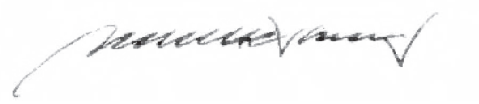
A depositor shall qualify for entitlement to the dividends only in respect of:-

A) Shares deposited into the Depositors' Securities Accounts before 12.30 p.m. on 13 October 2009 (in respect of shares exempted from mandatory deposit);

B) Shares transferred to the Depositors' Securities Accounts in respect of ordinary transfers before 4.00 p.m. on 15 October 2009; and

C) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD



MOHD NAZLAN MOHD GHAZALI
LS0008977
Company Secretary

Kuala Lumpur
8 September 2009

NOTES:

1. A member entitled to attend and vote at the 49th Annual General Meeting ("AGM") is entitled to appoint a proxy to attend and on a show of hands or on a poll, to vote in his stead. A proxy shall be a member of the Company, an Advocate, an approved Company Auditor or a person approved by the Companies Commission of Malaysia. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, under its common seal or in some other manner approved by its directors.

2. A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the meeting provided that where a member is an authorised nominee as defined under the Securities Industry (Central Depository) Act 1991, it may appoint at least one proxy but not more than two (2) proxies each in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

3. Duly completed Form of Proxy must be deposited at the Company's registered office at 14th Floor, Menara Maybank, 100, Jalan Tun Perak, by 28 September 2009 at 10.00 a.m.

4. For a Form of Proxy executed outside Malaysia, the signature must be attested by a Solicitor, Notary Public, Consul or Magistrate.

5. Only members registered in the Record of Depositors on or before 12.30 p.m., on 25 September 2009 shall be eligible to attend the AGM.

6. **Explanatory notes:-**

   (a) Ordinary Resolution 14 - Authority to Directors to Issue Shares

   The proposed Ordinary Resolution 14, if passed, will give powers to the Directors to issue ordinary shares in the capital of the Company up to an aggregate amount not exceeding 10% of the issued and paid-up share capital of the Company for the time being without having to convene a general meeting. This authority, unless revoked or varied at a general meeting, will expire at the next AGM.

   (b) Retirement of Directors at the conclusion of the forthcoming AGM

   i. Datuk Syed Tamim Ansari Syed Mohamed who retires by rotation in accordance with Articles 96 and 97 of the Company's Articles of Association will not seek re-election at the forthcoming AGM. He will therefore retire upon the conclusion of said AGM.

   ii. Tan Sri Mohamed Basir Ahmad who retires pursuant to Section 129 of the Companies Act, 1965, will not seek re-appointment at the forthcoming AGM. He will therefore retire upon the conclusion of said AGM.

7. **Statement Accompanying the Notice of Annual General Meeting**

   Additional information pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is set out in Annexure A in Maybank's 2009 Annual Report.

Statement Accompanying Notice of 49th Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

Annexure A

The Profile of Directors who are standing for re-election (as per Ordinary Resolutions 3 to 11 as stated above) at the 49th Annual General Meeting of Malayan Banking Berhad (Maybank/the Company) which will be held at the Grand Ballroom, Level 1, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Wednesday, 30 September 2009 at 10.00 a.m. are stated on pages 70 to 81 of the Annual Report 2009.

The details of any interest in the securities of Maybank and its subsidiaries (if any) held by the said Directors are stated on page 254 of the Annual Report 2009.

Financial Calendar

27 August 2008
Announcement of the audited results of Maybank and of the Group and announcement of the final dividend for the financial year ended 30 June 2008

3 September 2008
Notice of the 48th Annual General Meeting, Notice of Dividend Payment and Book Closure and issuance of annual report for the financial year ended 30 June 2008

25 September 2008
48th Annual General Meeting

9 October 2008
Book closure for determining the entitlement of the dividends

21 October 2008
Date of payment of the final dividend of 20 sen per share (less 26% Malaysian Income Tax) in respect of the financial year ended 30 June 2008

11 November 2008
Announcement of the unaudited results of Maybank and the Group for the first quarter of the financial year ended 30 June 2009

27 February 2009
Announcement of the unaudited results of Maybank and the Group for the second quarter of the financial year ended 30 June 2009

6 March 2009
Notice of Extraordinary General Meeting in relation to the proposed renounceable rights issue on the basis of nine (9) ordinary shares of RM1.00 each in Malayan Banking Berhad ("Maybank") for every twenty (20) existing ordinary shares of RM1.00 each held in Maybank

23 March 2009
Extraordinary General Meeting in relation to the proposed renounceable rights issue on the basis of nine (9) ordinary shares of RM1.00 each in Malayan Banking Berhad ("Maybank") for every twenty (20) existing ordinary shares of RM1.00 each held in Maybank

2 April 2009
Book closure for determining the entitlement of the rights issue 9:20

21 May 2009
Announcement of the unaudited results of Maybank and the Group for the third quarter of the financial year ended 30 June 2009

25 August 2009
Announcement of the audited results of Maybank and of the Group for the financial year ended 30 June 2009

8 September 2009
Notice of the 49th Annual General Meeting, Notice of Dividend Payment and Book Closure and issuance of annual report for the financial year ended 30 June 2009

30 September 2009
49th Annual General Meeting

15 October 2009
Book closure for determining the entitlement of the dividends

27 October 2009
Date of payment of the final dividend of 8 sen per share (less 25% Malaysian Income Tax) in respect of the financial year ended 30 June 2009

49th Annual General Meeting

30 September 2009

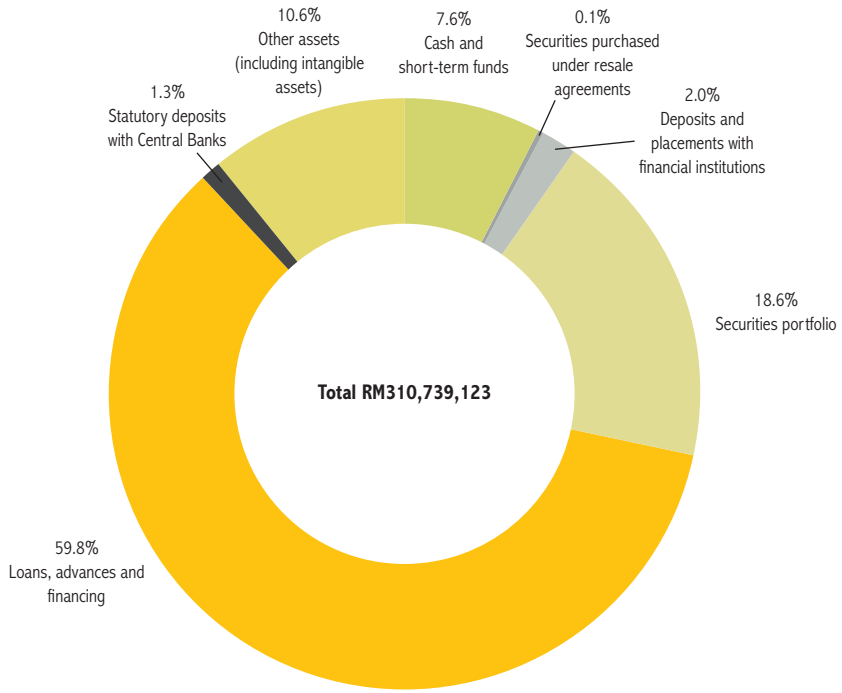
Financial Highlights

	Group		Bank	
	2008	2009	2008	2009
PROFITABILITY (RM Million) *				
Operating revenue	16,154	17,586	13,093	13,065
Operating profit	4,571	3,064	3,631	2,687
Profit before taxation	4,086	1,674	3,119	383
Profit/(loss) after taxation and minority interest	2,928	692	2,373	(331)
Profit after taxation and minority interest before impairment of goodwill/subsidiaries/associate	2,928	2,665	2,373	2,457
KEY BALANCE SHEET DATA (RM Million)*				
Total assets	269,101	310,739	219,172	238,277
Securities portfolio	36,551	57,727	29,712	47,020
Loans, advances and financing	164,614	185,783	138,855	144,432
Total liabilities	249,009	284,971	201,972	215,767
Deposit from customers	187,112	212,599	156,323	163,453
Commitments and contingencies	204,217	221,587	192,079	201,854
Paid-up capital	4,881	7,078	4,881	7,078
Shareholders' equity	19,302	24,899	17,200	22,510
SHARE INFORMATION *				
Per share (sen)				
Basic earnings (sen) ***	53.3	12.0	43.2	(5.7)
Diluted earnings (sen) ***	53.3	12.0	43.2	(5.7)
Gross dividend (sen)	52.5	8	52.5	8.0
Net tangible assets (sen)	395.5	351.8	352.4	318.0
FINANCIAL RATIOS (%) *				
Profitability Ratios				
Net interest margin on average interest-earning assets	2.7	2.8	2.6	2.4
Net interest on average risk-weighted assets	3.5	3.4	3.0	2.7
Net return on average shareholders' funds	15.2	3.1	13.7	(1.7)
Net return on average assets	1.1	0.2	1.1	(0.1)
Net return on average risk-weighted assets	1.6	0.3	1.4	(0.2)
Cost to income ratio	44.4	52.8	43.4	48.5
CAPITAL ADEQUACY RATIOS (%) (after deducting proposed final dividend) **				
Based on credit risk :				
Core capital ratio	11.4	12.6	12.5	16.5
Risk-weighted capital ratio	14.4	17.3	13.9	16.5
Based on credit and market risk:				
Core capital ratio	10.1	10.8	11.1	14.1
Risk-weighted capital ratio	12.7	14.8	12.3	14.1
ASSET QUALITY RATIOS *				
Net non-performing loans ratio (3 month classification) (%)	1.9	1.6	1.9	1.7
Loan loss coverage (%)	101.1	112.9	104.1	114.9
Gross loan to deposit ratio (%)	88.0	87.4	88.8	88.4
Deposits to shareholders' fund (times)	9.7	8.5	9.1	7.3
VALUATIONS ON SHARE *				
Gross dividend yield (%)	7.4	1.4	-	-
Dividend payout ratio (%)	60.4	61.4	-	-
Price to earnings multiple (times)****	13.2	49.2	-	-
Price to book multiple (times)	1.8	1.7	-	-

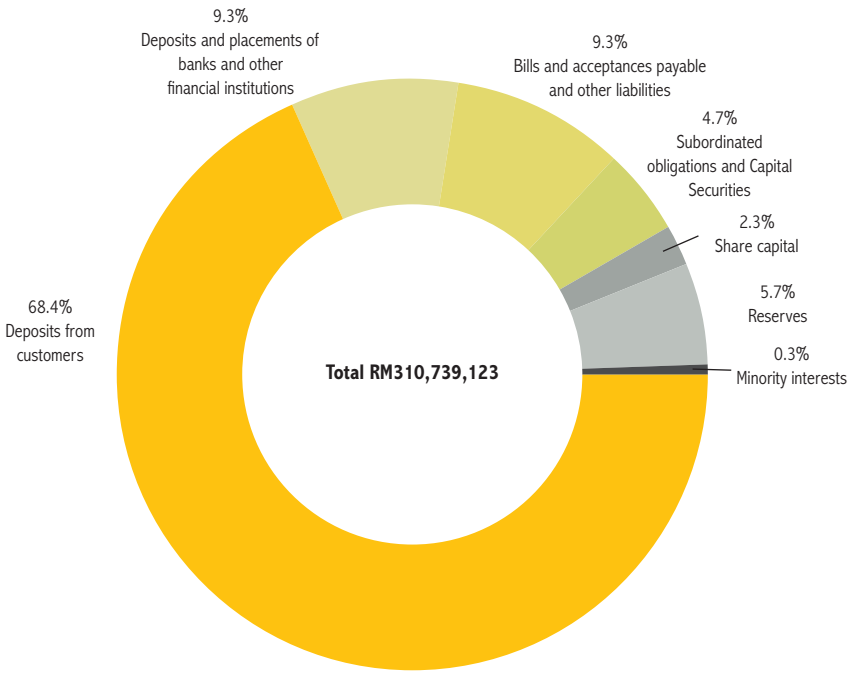
* Comparative figures were reclassified to conform with current year presentation.
** The Bank Negara Malaysia Guidelines on Market Risk Capital Adequacy Framework are effective from 1 April 2005.
*** Adjusted for rights issue completed on 30 April 2009 and bonus issue of 1:4 completed on 20 February 2008.
**** Price to earnings multiple (times); (2009) 12.8 times (before impairment of goodwill/subsidiaries/associate).

Simplified Group Balance Sheet

Assets 2009



Liabilities & Equity 2009



Enhancing Value to Shareholders

Over the years, Maybank has been delivering on its commitment towards enhancing shareholder value. Despite a challenging year in which Maybank announced lower dividends, we are still steadfast in our dedication to provide superior long-term return to our providers of capital.

As Malaysia's financial services sector becomes more developed and liberalised, the rates of return have generally begun to moderate compared to the past decades of high growth. In addition, Maybank's dominant size in the Malaysian banking industry presents a challenge in sustaining its previous growth rate in the domestic market.

It is with the view of sustaining a high growth rate into the future that Maybank embarked on its mission to seek out higher growth opportunities beyond its home base. The vision of becoming a regional financial services group by 2015 will in essence enable us to enhance and diversify Maybank Group's sources of income stream and thus provide a better return on investment to our shareholders.

Such a transformation is not without its challenges. In financial year (FY)2009, the Group completed the acquisitions of Bank Internasional Indonesia (BII), MCB Bank Limited (MCB Bank) of Pakistan and An Binh Commercial Joint Stock Bank (ABBank), Pakistan and Vietnam respectively. However, in a series of unprecedented events that led to the global financial crisis and a worldwide recession, the worst in more than seven decades, we had to take impairment charges on our investments in Indonesia and Pakistan, leading to a significantly lower profit for the year of RM691.2 million which limited our ability to pay dividends comparable to previous years.

We have been prudent in making the writedowns in order to fairly reflect the value of our overseas investments. We consider the acquisition of BII in Indonesia and MCB Bank in Pakistan to be viable long-term investments that would contribute significantly towards enhancing value to shareholders in the future.

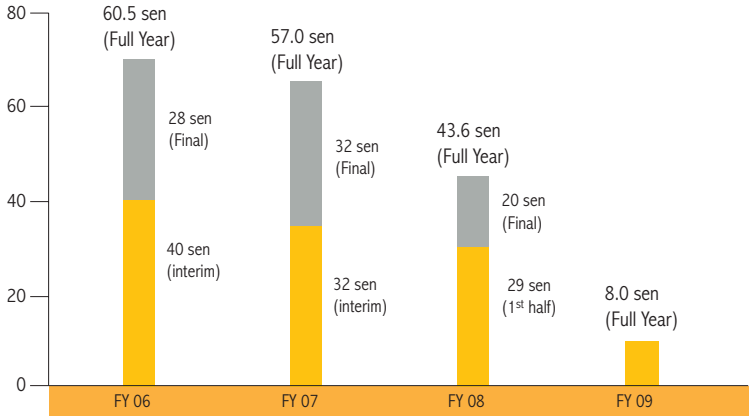
Dividends

Maybank has a long-term dividend policy of between a 40% and 60% dividend payout ratio based on the reported net profit attributable to shareholders.

The Board of Directors has proposed that Maybank pay a final gross dividend of 8 sen (6 sen net) per share. The full year gross dividend of 8 sen translates to a payout ratio of 61%, which is slightly better than the dividend policy's stated target of between a 40% and 60% dividend payout ratio, and is in line with the previous year's dividend payout ratio of 60.4%.

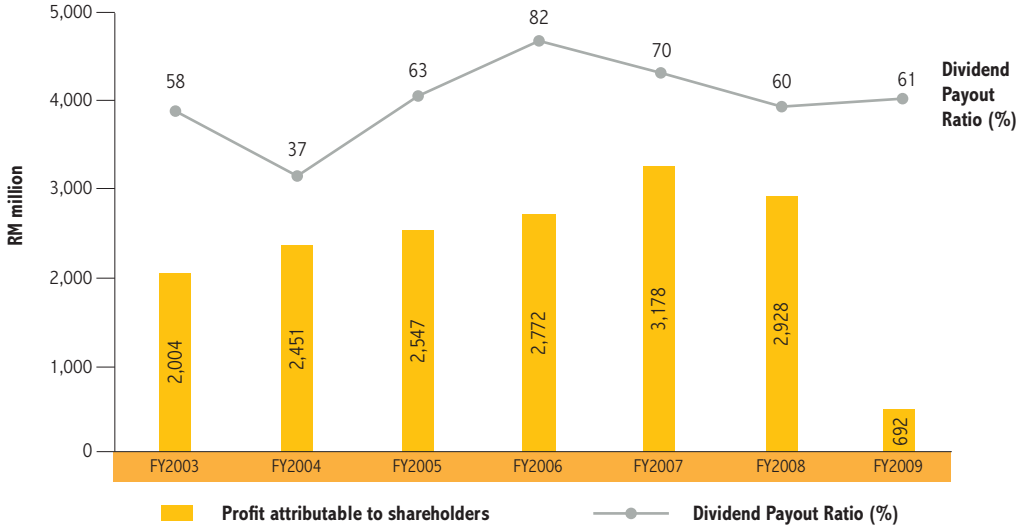
The gross dividend of 8 sen is notably lower than the 43.6 sen per share (adjusted for the rights issue; actual: 49 sen) in the previous year. This is a prudent step towards preserving the capital in the current challenging period. However, with prospect of better financial performance moving forward, higher gross dividends can be expected.

Gross Dividend



Note: Prior full year dividends adjusted for the 9 for 20 rights issue

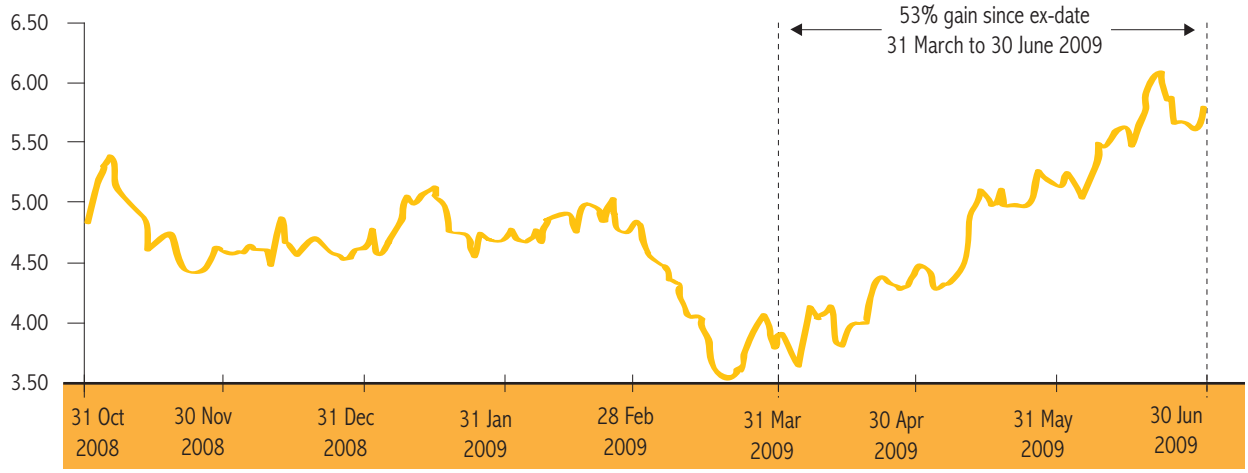
Profit Attributable to Shareholders and Dividend Payout Ratio



Share Price Performance

Share price performance represents a part of return to shareholders. Although Maybank's share price for the year declined by 6.8%, it outperformed the FBM KLCI Index which recorded a loss of 9.4%. The rights issue, which was announced on 27 February 2009, was offered at RM2.74, a discount of 37.2% to the closing price of RM4.36 on 20 March 2009. The deep discount was aimed at enhancing shareholder affordability to participate in the rights issue. Since ex-date to the end of the financial year, shareholders would have seen the value in their shareholdings rise by 53%.

Maybank Share Price (RM)



Economic Profit

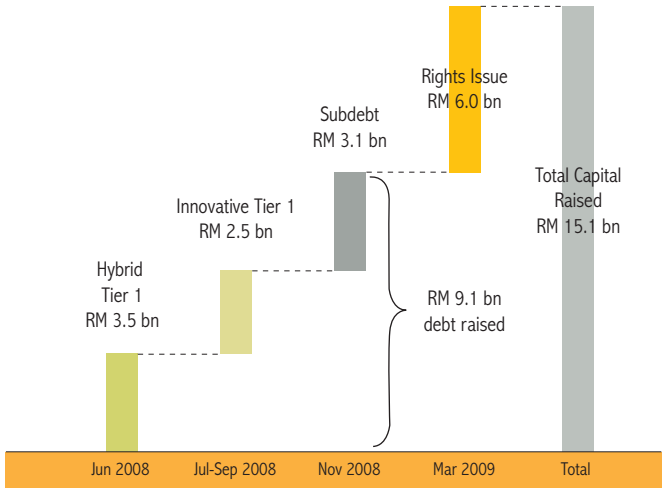
Khazanah Nasional's Transformation Programme for Government-linked Companies (GLCs) is an initiative to develop high-performing entities for the future prosperity of the country. As part of its performance tracking, Maybank has been monitoring the performance of its Economic Profit since 2005. Economic Profit is an important measure of value creation to shareholders by showing a company's return over and above its cost of capital.

Maybank's Economic Profit declined from RM1.096 billion in FY2008 to negative RM1.481 billion in FY2009. This was attributable to significantly lower net profit and higher cost of equity due to the RM6 billion rights issue.

Capital Raising Exercise

Maybank embarked on a capital raising exercise consisting of hybrid securities, subordinated debt and equity since June 2008. The target capital ratios upon completion of the entire capital raising plan was to maintain a Core Capital Ratio at 7%-8% and a Risk Weighted Capital ratio at 11%-12%.

Capital Raising Exercise



By the end of June 2008, Maybank had already issued RM3.5 billion in Hybrid Tier 1 Capital Securities. In FY2009, the Group undertook a series of capital raising exercises commencing with the issuance of SGD600 million in Innovative Tier 1 Capital Securities in July 2008 and subsequently on 25 September 2008, Maybank concluded a domestic issue of RM1.1 billion of Innovative Tier 1 Capital Securities. On 28 November 2008, Maybank had issued a RM3.1 billion Tier 2 Capital Subordinated Term Loan facility.

Up to November 2008, Maybank had issued a total equivalent to RM9.1 billion in hybrid securities and subordinated debt. In order to further enhance its core equity capital ratios, Maybank sought to boost its equity through a RM6 billion 9 for 20 rights issue at RM2.74 per rights share which was announced on 27 February 2009.

The rights issue, which formed part of Maybank's Strategic Transformation Plan, will strengthen the Maybank Group's core business and franchise, further enhance its capital base and put in place an organisational and corporate structure that provides greater strategic, financial and operational flexibility across the Maybank Group.

The RM6 billion rights issue was the largest in Malaysian corporate history and was completed efficiently within nine weeks and was oversubscribed by 128%. The rights issue allowed Maybank to maintain its strong credit rating, weather the economic downturn, provide funding for growth opportunities and lower its cost of capital. Maybank's share price rose 53% from the ex-date up to 30 June 2009, reflecting strong investor confidence.

Credit Rating

FY2009 was a tumultuous year in the international financial scene. The sub-prime crisis in the prior year worsened into a global financial crisis with internationally renowned banking groups such as Lehman Brothers declaring bankruptcy in September 2008. Subsequently a few other large banking institutions around the globe became vulnerable and had to be saved through government intervention and support.

Under the prudent supervision of Bank Negara Malaysia, the domestic banking industry has been spared the brunt of the financial crisis. During the year, Maybank and other Malaysian banks had therefore not been impacted by the threat of rating downgrades which were prevalent elsewhere. Nevertheless, Maybank's capital raising exercise during the financial year was implemented cognisant of the need to exercise greater prudence to ensure a more robust capital structure than would normally be required. This gave confidence for rating agencies to retain Maybank's credit rating from the previous year as the capital adequacy ratio of 14.8% demonstrates that Maybank's balance sheet remains robust despite the large acquisitions and challenging operational environment.

Maybank's credit ratings were maintained throughout the financial year as follows:

Standard and Poor's	A-
Ratings	A-
Moody's Investors Services	A3
RAM Ratings	AAA

The outlook for the long-term credit ratings for Maybank was maintained as Stable throughout the financial year by all four rating agencies. Maybank will continue to adopt prudent capital management practices and remains committed towards maintaining its investment grade credit ratings.

Corporate Information

Board of Directors

Tan Sri Mohamed Basir Ahmad
PSM, JSM, DPCM
Non-Independent Non-Executive Director
(Chairman)

Dato' Sri Abdul Wahid Omar
SSAP, DSAP
Non-Independent Executive Director
(President & CEO)

Datuk Syed Tamim Ansari Syed Mohamed
PJN
Independent Non-Executive Director

Mr Spencer Lee Tien Chye
(Appointed with effect from 1 December 2008)
Non-Independent Non-Executive Director

Tan Sri Datuk Dr Hadenan A. Jalil
(Appointed with effect from 15 July 2009)
PNBS, PSM, SIMP, JMN, DMSM, KMN, AMN
Independent Non-Executive Director

Dato' Seri Ismail Shahudin
(Appointed with effect from 15 July 2009)
SPMP
Independent Non-Executive Director

Dato' Dr Tan Tat Wai
(Appointed with effect from 15 July 2009)
PhD DMPN
Independent Non-Executive Director

Encik Zainal Abidin Jamal
(Appointed with effect from 22 July 2009)
Non-Independent Non-Executive Director

Mr Alister Maitland
(Appointed with effect from 26 August 2009)
Independent Non-Executive Director

Mr Cheah Teik Seng
(Appointed with effect from 26 August 2009)
Independent Non-Executive Director

Dato' Johan Ariffin
(Appointed with effect from 26 August 2009)
DPTJ
Independent Non-Executive Director

Mr Sreesanthan Eliathamby
(Appointed with effect from 26 August 2009)
Non-Independent Non-Executive Director

Company Secretary

Mohd Nazlan Mohd Ghazali
(LS0008977)
General Counsel & Company Secretary

Registered Office

14th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur, Malaysia
Tel : (6)03 2070 8833
Fax : (6)03 2070 8305
(Investor Relations)
: (6)03 2711 3421
(Customer Feedback Management)
: (6)03 2715 0871
(Maybank Group Customer Care)
: (6)03 2031 0071
(Secretarial Services)
SWIFT : MBBEMYKL
Website : http://www.maybank2u.com
E-Mail : publicaffairs@maybank.com.my

Registrar

Malayan Banking Berhad
14th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur, Malaysia
Tel : (6)03 2074 7405
Fax : (6)03 2072 0079

Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad
(Listed since 17 February 1962)

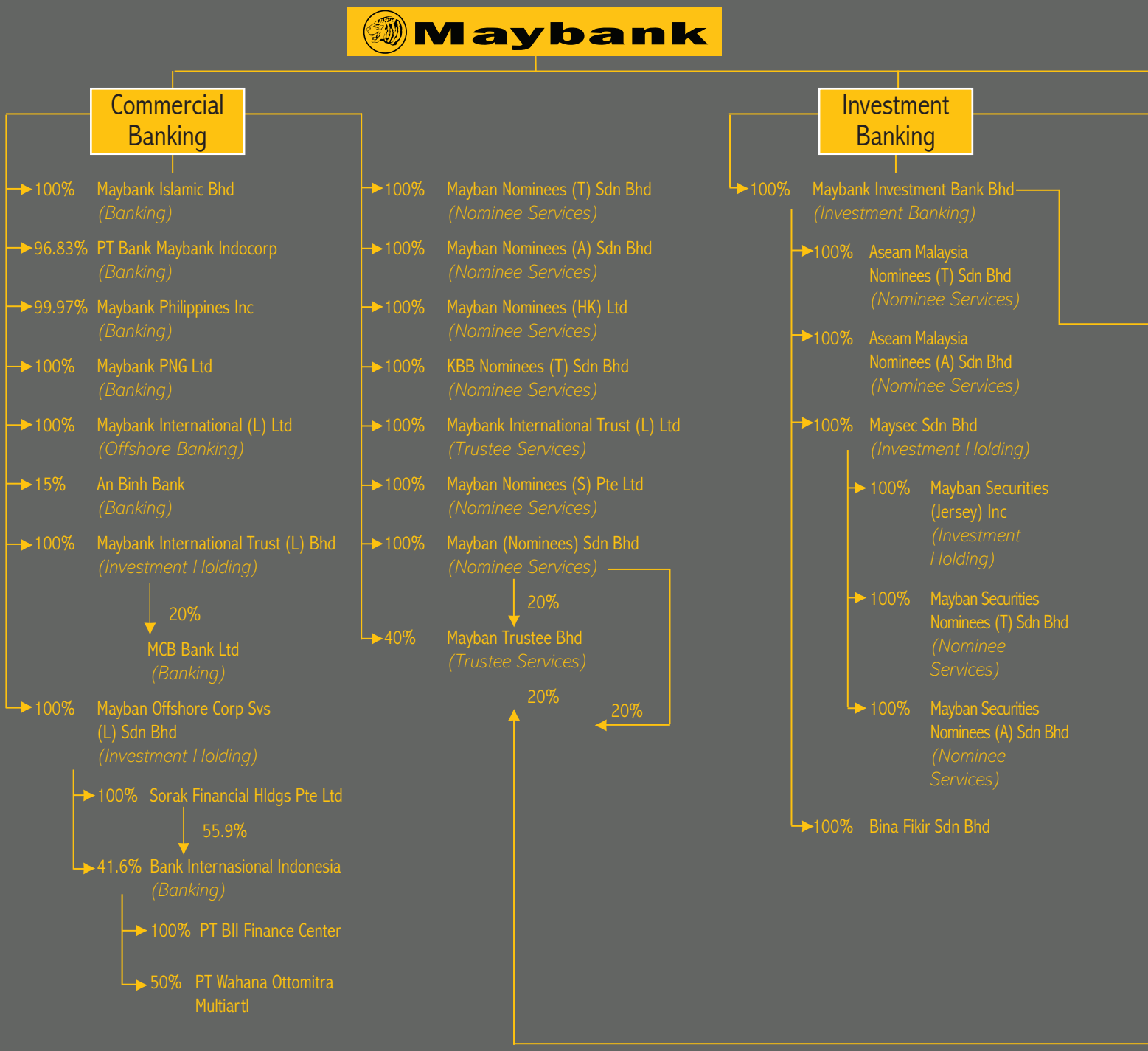
External Auditors

Messrs. Ernst & Young (AF : 0039)
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Tel : (6)03 7495 8000
Fax : (6)03 2095 9076/78

Group Organisation Structure

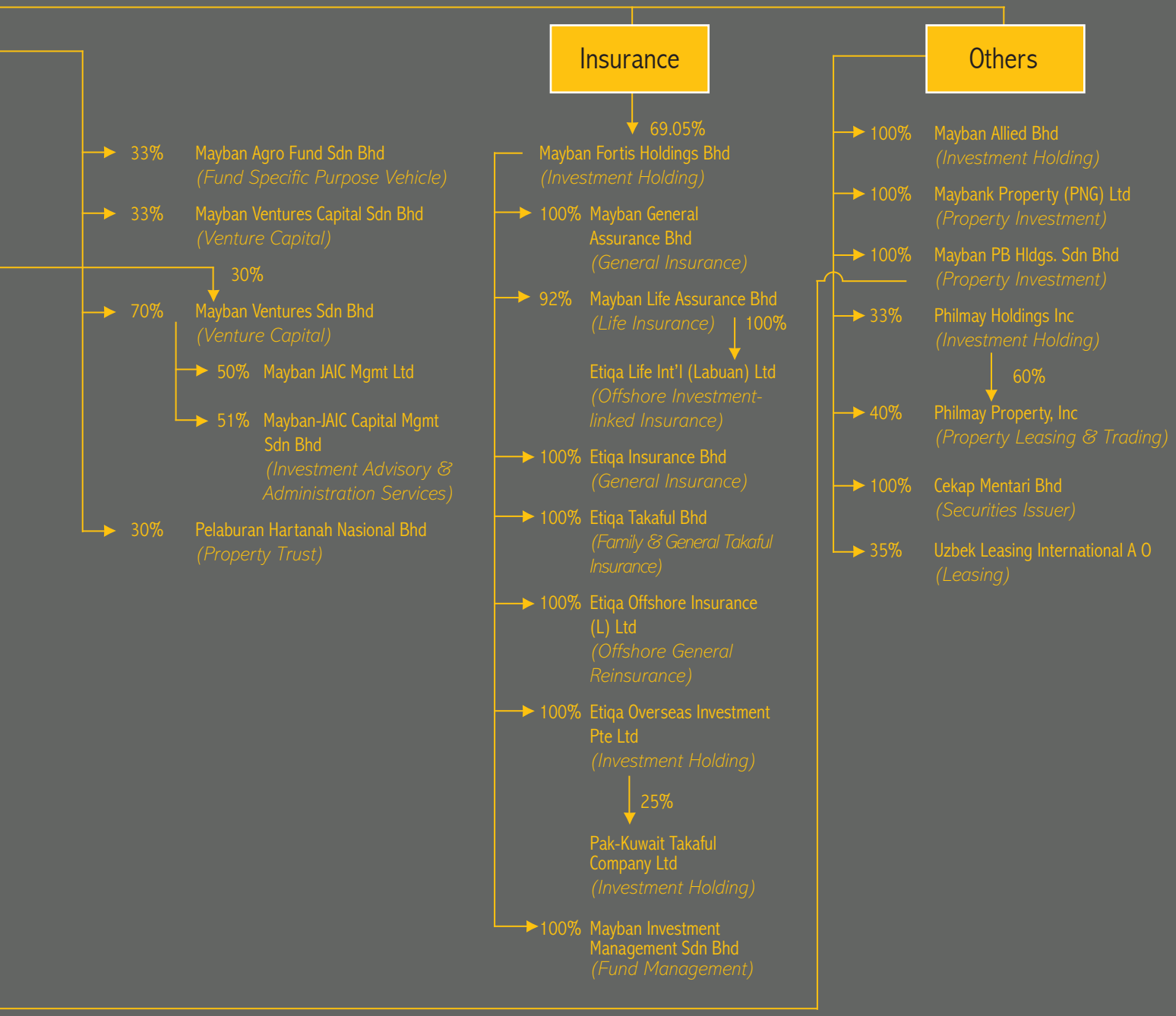
Board of Directors
Chief Audit Executive
Company Secretary & General Counsel
Head, Compliance
President & CEO
Strategic Business Units
Head, Consumer Banking
Head, Business Banking
Head, Corporate Banking
Head, Investment Banking
• Head, Global Markets
Head, Insurance & Takaful
• Head, Investment Management
Head, International Business
Head, Islamic Banking
Finance/Operations/Credit
Chief Financial Officer
• Chief Risk Officer
• Head, Finance & Treasury Operations
• Head, Corporate Remedial Management
• Head, Strategy & Corporate Finance
• Head, Management Reporting & Business Planning
• Head, Business Analysis & Info Management
• Head, Basel II
• Head, Strategic Procurement
• Head, Central Funding
Chief Operating Officer
• Head, Trustee Services
• Head, Service Level Management & Quality
• Head, Property, Security & Purchasing
• Head, Information System
• Head, Custodial Services
• Head, Central Operations
• Head, Customers' Feedback Management
• Head, Data Governance
Chief Credit Officer
Corporate Office
Chief Transformation Officer
Head, Group Human Capital
Head, Corporate Affairs & Communications

Group Corporate Structure

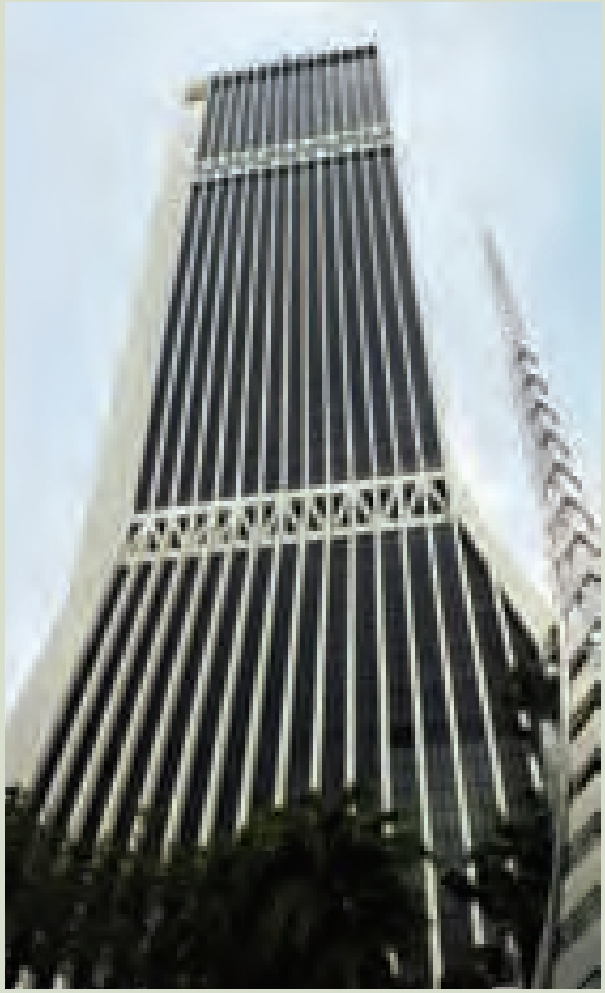

Maybank
Commercial Banking
100% Maybank Islamic Bhd (Banking)
96.83% PT Bank Maybank Indocorp (Banking)
99.97% Maybank Philippines Inc (Banking)
100% Maybank PNG Ltd (Banking)
100% Maybank International (L) Ltd (Offshore Banking)
15% An Binh Bank (Banking)
100% Maybank International Trust (L) Bhd (Investment Holding)
20%
MCB Bank Ltd (Banking)
100% Mayban Offshore Corp Svs (L) Sdn Bhd (Investment Holding)
100% Sorak Financial Hldgs Pte Ltd
55.9%
41.6% Bank Internasional Indonesia (Banking)
100% PT BII Finance Center
50% PT Wahana Ottomitra Multiartl
100% Mayban Nominees (T) Sdn Bhd (Nominee Services)
100% Mayban Nominees (A) Sdn Bhd (Nominee Services)
100% Mayban Nominees (HK) Ltd (Nominee Services)
100% KBB Nominees (T) Sdn Bhd (Nominee Services)
100% Maybank International Trust (L) Ltd (Trustee Services)
100% Mayban Nominees (S) Pte Ltd (Nominee Services)
100% Mayban (Nominees) Sdn Bhd (Nominee Services)
20%
40% Mayban Trustee Bhd (Trustee Services)
20%
20%
Investment Banking
100% Maybank Investment Bank Bhd (Investment Banking)
100% Aseam Malaysia Nominees (T) Sdn Bhd (Nominee Services)
100% Aseam Malaysia Nominees (A) Sdn Bhd (Nominee Services)
100% Maysec Sdn Bhd (Investment Holding)
100% Mayban Securities (Jersey) Inc (Investment Holding)
100% Mayban Securities Nominees (T) Sdn Bhd (Nominee Services)
100% Mayban Securities Nominees (A) Sdn Bhd (Nominee Services)
100% Bina Fikir Sdn Bhd

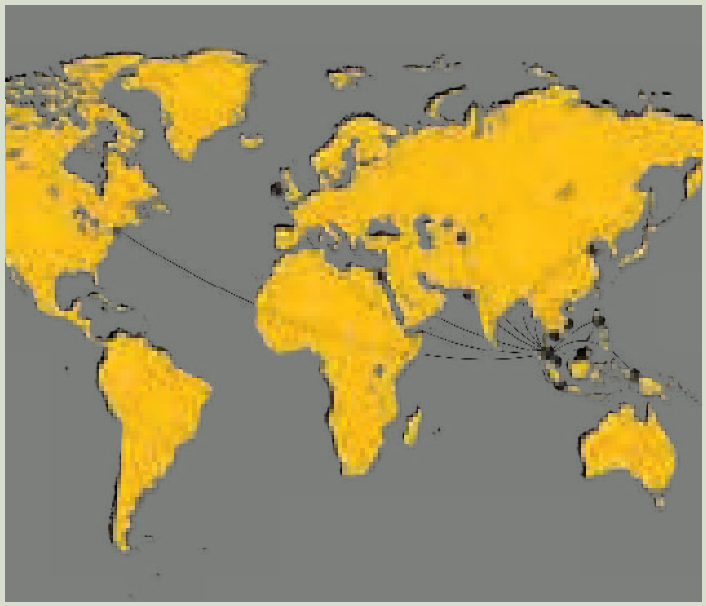
Note: • Companies that are dormant, under member's voluntary liquidation, or have ceased operations are not listed in the Group Corporate Structure.

• The complete list of Maybank subsidiaries is on pages 435 to 441 of this Annual Report.


Insurance
Others
33% Mayban Agro Fund Sdn Bhd
(Fund Specific Purpose Vehicle)
33% Mayban Ventures Capital Sdn Bhd
(Venture Capital)
30%
70% Mayban Ventures Sdn Bhd
(Venture Capital)
50% Mayban JAIC Mgmt Ltd
51% Mayban-JAIC Capital Mgmt Sdn Bhd
(Investment Advisory & Administration Services)
30% Pelaburan Hartanah Nasional Bhd
(Property Trust)
69.05%
Mayban Fortis Holdings Bhd
(Investment Holding)
100% Mayban General Assurance Bhd
(General Insurance)
92% Mayban Life Assurance Bhd
(Life Insurance)
100%
Etiqa Life Int'l (Labuan) Ltd
(Offshore Investment-linked Insurance)
100% Etiqa Insurance Bhd
(General Insurance)
100% Etiqa Takaful Bhd
(Family & General Takaful Insurance)
100% Etiqa Offshore Insurance (L) Ltd
(Offshore General Reinsurance)
100% Etiqa Overseas Investment Pte Ltd
(Investment Holding)
25%
Pak-Kuwait Takaful Company Ltd
(Investment Holding)
100% Mayban Investment Management Sdn Bhd
(Fund Management)
100% Mayban Allied Bhd
(Investment Holding)
100% Maybank Property (PNG) Ltd
(Property Investment)
100% Mayban PB Hldgs. Sdn Bhd
(Property Investment)
33% Philmay Holdings Inc
(Investment Holding)
60%
40% Philmay Property, Inc
(Property Leasing & Trading)
100% Cekap Mentari Bhd
(Securities Issuer)
35% Uzbek Leasing International A O
(Leasing)

Corporate Profile





- **Total assets of RM310.7 billion**
- **Total shareholders' funds of RM24.9 billion**
- **More than 39,000 Maybankers serving over eight million customers**

Malaysia's Regional Financial Services Leader

Maybank began operations on 12 September 1960 rising from the spirit of Independence to pave the way for a dynamic change in the country's banking and financial services landscape.

Our founders were visionary in ensuring that Maybank would grow to become a Malaysian icon which would not only excel in the domestic market but also create an impact in the region and beyond.

Towards this end, Maybank has led an aggressive drive to expand its network in order to maximise its reach. At the same time, the Bank has consistently set new benchmarks in our product and service delivery by achieving many firsts in the industry which include the first to introduce a rural credit scheme, mobile banking services, Internet banking and receivable financing on a non-recourse basis.

Today, Maybank proudly stands above its peers as Malaysia's flagship financial services group in a vibrant, strong and highly competitive banking and financial services landscape. Total assets of the Group stand at RM310.7 billion and through an extensive network of well-over 1,700 branches and offices in 14 countries throughout the world. We are represented in the major financial centres of London, New York, Hong Kong and Singapore and have correspondent banking relationships with more than 700 foreign banks throughout the world. Maybank through its subsidiary Maybank Islamic is the leading Islamic bank in the Asia Pacific region and among the world's top 10 Islamic financial institutions. The Group employs over 39,000 Maybankers to serve over eight million customers.

The Group's foundation of strength, consistent record of profitability and strong balance sheet is testament to the bank's resilience in all economic cycles through the years.

A Legacy of Growth and Leadership

With close to five decades of growth, Maybank today has clear market leadership and is among the top three in almost all business sectors. Our extensive product and service range includes commercial banking, investment banking, Islamic banking, offshore banking, insurance and takaful, factoring, trustee services, asset management, stock broking, nominee services, venture capital and Internet banking.

Consumer Banking remains one of the Group's primary contributors with a variety of services and products including mortgage and automobile financing, credit and debit cards, bancassurance, wealth management as well as retail and Internet banking.

Corporate and Business Banking, which comprise corporate and commercial segments, caters to public listed companies, multinationals and institutional clients as well as SMEs via a variety of services that include cash management and trade financing.

Maybank Islamic commenced operations in January 2008, taking full advantage of the Group's pioneer status in introducing Islamic Banking services and has today assets of about RM34.7 billion.

The Investment Banking Group spearheaded by Maybank Investment Bank offers a complete range of investment solutions from corporate finance to debt capital markets, equity markets to research and strategic advisory.

The Group's Insurance business under the Etiqa brand offers all types and classes of Life and General conventional insurance as well as Family and General Takaful plans via a robust agency force of over 21,900 agents complemented by a wide bancassurance and bancatakaful network.

Maybank's foray into the global arena, which started as early as the 1960s, has gained momentum over the years with clear presence in high-growth markets and leadership in the fast-growing Islamic Banking sector.

Maybank has expanded its footprint in Indonesia, Pakistan and Vietnam to complement its presence in Singapore, the Philippines, Brunei Darussalam, Cambodia, Papua New Guinea, Hong Kong SAR, People's Republic of China, Bahrain, Uzbekistan, the United Kingdom and the United States.

The Group has grown in leaps and bounds with strategic acquisitions, smart partnerships, sound management and responsible corporate governance and is now focused on its transformation initiatives to achieve its vision. The Group has set its sights on building further its presence in the global arena to further expand its market share and to achieve its vision of becoming a leading regional financial services group by 2015.

Corporate Responsibility

The Group has over the years placed a priority on being a responsible corporate citizen through various activities, initiatives and programmes, with the primary objective of making a difference in community, environment and human capital.

We have also spared no effort in ensuring that we embrace industry best practices in corporate governance by promoting a culture of excellence, transparency, integrity and accountability in our day to day operations.

Commitment to Success

Being a proud Malaysian flag bearer and an icon in the industry, Maybank is firmly committed to scaling new heights through the process of transformation, in order to deliver greater value to all our stakeholders.

This commitment will continue to be reflected in the way we operate our business, the way we deliver our products and services, and the way in which we engage and interact with Maybankers, partners, associates and other stakeholders.

Corporate Milestones (1960-2009)

1960s

- Malayan Banking Berhad opened its doors for business in downtown Kuala Lumpur on 12 September 1960. on the then Kuala Lumpur Stock Exchange on 17 February 1962.
- Within a year, the Bank introduced 30 branches in suburban and rural areas to become the largest locally incorporated bank, within its first six years.
- Launch of Brunei Darussalam operations in November 1960, the Bank's first overseas unit.
- Launched operations in Hong Kong and London in 1962.

1970s

- Introduced the country's first rural credit scheme in 1974.
- Pioneered mobile bus banking services in Johor in 1976.
- First Malaysian bank to embark on the computerisation of its banking operations.
- Contributed to the restoration of the Tugu Negara and the National Library Building Fund.

1980s

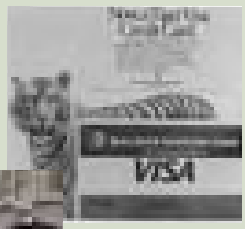
- First Malaysian bank to set up ATM services.
- Set up New York operations in 1984
- Established Balai Seni Maybank, the first art gallery by a financial institution in an effort to support local art talent.
- Obtained licence from Monetary Authority of Singapore in 1982 to operate Asian dollar market through branches in Singapore.
- Appointed by the Malaysian Government to lead and manage RM1 billion loan for development expenditure.

1990s

- Start of Maybank Islamic banking services in 1993.
- Opened first branch in Cambodia in 1993.
- Recorded profit of over RM1 billion in 1993.
- First foray into Papua New Guinea in 1994 with the opening of Maybank PNG.
- Began operations in Hanoi, Vietnam in 1995.
- Opening of PT Bank Maybank Indocorp in Indonesia in 1995.
- Pioneered bancassurance in Malaysia.
- The largest bancassurer provider in South East Asia.
- First local bank to introduce telephone banking service with Kawanku Phone Banking.
- In 1997, profit surged past the RM2 billion mark.
- Maybank acquired a stake in Philippines National Bank (PNB)-Republic Bank which was renamed Maybank Philippines Inc.
- Maybank introduced the first cross-banking transactions to enable Maybank and Mayban Finance customers carry out certain banking transactions at both branches.
- First desktop banking for corporations in Malaysia and first ticket-less travel convenience for domestic flights on Malaysia Airlines via Maybank's MAS Electronic Ticketing.

2000-2004

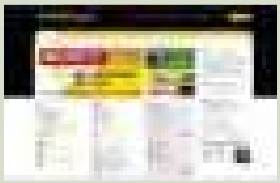
- First bank in Malaysia and South East Asia to offer common ATM and over-the-counter services known as RegionLink service in four Asean countries, namely Malaysia, Singapore, Brunei and the Philippines.
- First bank in Malaysia to introduce Internet banking services via Maybank2u.com.
- First Malaysian bank to open a branch in Shanghai, the People's Republic of China.
- Acquired Pacific Bank and PhileoAllied Bank.
- Introduced online mobile banking via SMS, and later with M2U Mobile Services using GPRS/3G phones.
- Maybank was the only Asian bank amongst six foreign banks to be awarded



2005

Qualifying Full Bank status by the Monetary Authority of Singapore.

- Maybank launched Mayban Takaful Berhad, the first takaful company owned by a conventional bank in Malaysia.
- Maybank and Mizuho Corporate Bank Ltd, Japan set up a Japan Desk at Maybank.
- First Malaysian bank to open a branch in the Middle East in Bahrain and the only South East Asian bank operating an Offshore Banking Unit in the region.
- Launched Maybank2e.net, its online enterprise portal for businesses.
- The entire operations and business of Mayban Finance were vested into Maybank.



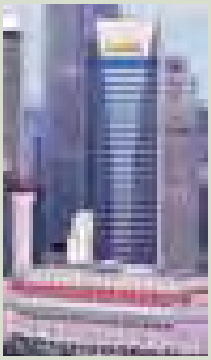
2006

- Mayban Fortis Holdings acquired Malaysia National Insurance (MNI) and Takaful Nasional following the completion of the purchase of MNI Holdings Berhad.
- Established the Sponsored Level-1 American Depository Receipt (ADR) Programme to facilitate the purchase of Maybank shares by investors in the United States.
- Maybank and American Express concluded a Business Transfer Agreement relating to the transfer of American Express' card business in Malaysia to Maybank. The Bank became the sole issuer and manager of the American Express charge card and merchant acquiring businesses in Malaysia.
- Launch of the Maybank Customer Care Centre, the largest call centre set up by a financial institution in Malaysia.
- First financial institution in Malaysia to introduce a one call number 1-300-88-6688.
- Pioneered online electronic share application service for IPOs on Bursa Malaysia via Maybank2u.com.
- Set a new benchmark in the Malaysian financial markets with the 5-year USD350 million term loan facility with 11 global banks.

2007

- First Malaysian bank to introduce Floor Plan Facility for automotive distributors in Malaysia.
- Launched Take Cash, the country's first cash withdrawal facility for the chip-based bankcard at retail outlets.
- Introduced the country's first e-commerce portal Maybank2u.com Cyber Mall hosted by a financial institution at Maybank2u.com.
- Partners with Celcom to introduce the M2U Mobile Services, the first ever comprehensive mobile banking service in the country.
- Maybank became Title Sponsor of the Maybank Malaysian Golf Open.
- Maybank's profit surpasses the USD1 billion mark, the first financial institution to set this record.
- Rebranding of the Group's insurance and takaful arm with Etiqa as the brand name for the insurance business of Maybank.
- Maybank and Maxis launched the first complete mobile money service in Malaysia.
- Successful pricing of the world's first Islamic USD300 million Subordinated Bank Capital Sukuk, jointly lead managed by Aseambankers and four other global financial institutions.
- Completed a landmark sale of two tranches of long outstanding corporate non-performing loans (NPLs), the first ever in Malaysia by competitive open auction.
- Voted Malaysia's Most Valuable Brand by 4As (the Association of Accredited Advertising Agents Malaysia) and Interbrands
- Maybank launched the first structured commodity financing solution for business customers.
- MyZone via Maybank2u.com becomes Malaysia's first Internet banking service for the youth customer segment.

eTiQa



Maybank

2008

- Maybank voted for the second consecutive year as Malaysia's Most Valuable Brand by 4As and Interbrands.
- Maybank Islamic commenced operations as a subsidiary and is the largest Islamic financial services provider in Asia Pacific.
- Launched the country's first Islamic On-shore Foreign Currency Financing (OFCF-i).
- Maybank, in partnership with Visa International launched Malaysia's first dual purpose Bankcard, Maybankard Visa Debit offering domestic and international access to a cardholder's bank account.
- Introduced American Express 'Centurion' line of credit cards in Malaysia with launch of the American Express Platinum credit card.
- Maybank with Pizza Hut, launched Malaysia's first online order and payment facility using debit or credit cards for pizza delivery via Maybank2u.com.
- Signed agreement to acquire strategic stake in BII, MCB Bank and ABBank, Vietnam.
- Implemented Group-wide performance improvement programme with the introduction of LEAP30.
- New Group vision and operations to strengthen market leadership in Malaysia and the region.

2009

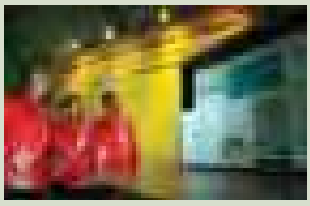
- Maybank partners with Maxis, Nokia and Visa to launch the world's first global commercial service adopting multi-payment Near Field Communication (NFC) services on mobile phones.
- Jointly launched with Permodalan Nasional Berhad the country's first online facility allowing Amanah Saham Bumiputra (ASB) investors the convenience of making additional investments on their ASB account via Maybank2u.com.
- Aseambankers Malaysia Berhad rebranding to Maybank Investment Bank (Maybank IB).
- Maybank IB was the International Co-Manager for the first sovereign issue of global Sukuk for the Government of Indonesia totalling USD650 million issued via Perusahaan Penerbit SBSN Indonesia.
- Successfully completed RM6 billion rights issue, the largest in Malaysian corporate history with the listing of the rights shares on Bursa Malaysia Securities Berhad. Post the rights issue, Maybank is now among the best capitalised banks in Asia.
- Maybank pioneered third party electronic bill presentation in a financial institution website with TNB.
- Offers online top-up service for additional ASB unit trusts via Maybank2u.com.
- Achieved several firsts in product innovation; the Maybank 21st Century Structured Deposit, the first structured capital guarantee deposit in Malaysia to invest in asset classes with a focus on the sustainable sectors; Global Bond Life Plan with cash payouts for the initial 5 years.
- Launch of the American Express Gold credit card offering the lowest revolving interest rate in Malaysia.
- Maybank Islamic launches Foreign Currency Mudharabah-I (FCM-i), the country's first short-term Islamic foreign currency term deposit account based on the principle of Mudharabah.

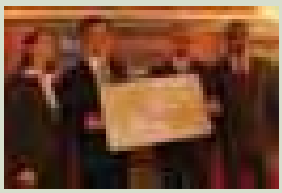
bii

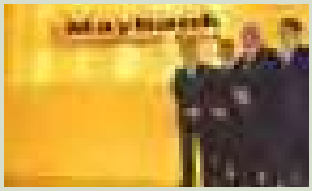
MCB

LEAP30

ASEANBANK







Media Milestones

Maybank Islamic's Al-Sayf capital protected

Malaysian Reserve, 7 Nov 2008

Maybank wins Islamic banking award

The Star, 21 Nov 2008

Launch of 'all-new, all-you maybank2u.com'

Maybank boost for scholars

New Straits Times, 2 Dec 2008

Maybank to sustain growth of consumer banking

The Star, 16 Oct 2008

Maybank-TNB new online bill service

New Straits Times, 30 Jan 2009

Maybank Islamic targets higher share of deposits

New Straits Times, 26 Aug 2009

Taking the Tiger further

1 MAYBANK

The Edge, 1 Dec 2008

Maybank chief prefers to focus on fundamentals

"We're actually entering this recession, or crisis, with a strong balance sheet and strong asset quality. Even if our non-performing loans were to deteriorate further, we think we should still be profitable.

New Straits Times, 23 Mar 2009

Maybank hits 1m Visa debit card mark

The Sun, 21 Jan 2009

New bank president

PT Bank International Indonesia Tbk, the biggest overseas unit of Malayan Banking Bhd, named Fathia Pitaloesnuah as president, replacing Henry Ho. – Bloomberg

The Star, 21 Mar 2009

Maybank, PNB launch online facility for ASB investments

The Edge Financial Daily, 21 Apr 2009

Maybank to help raise safety levels among SMEs

New Straits Times,14 Apr 2009

The Edge Financial Daily, 16 Feb 2009

Kim headlines Malaysian Open

The Edge, 6 Oct 2008

Aseambankers is now Maybank Investment Bank Bhd

Malaysian Reserve, 16 Jan 2009

Maybank: RM20m to open more branches

New Straits Times, 19 Mar 2009

New Straits Times, 2 May 2009

Maybank strives to get back its roar

The Star, 23 May 2009

Maybank posts RM504m net profit

Malaysian Reserve, 22 May 2009

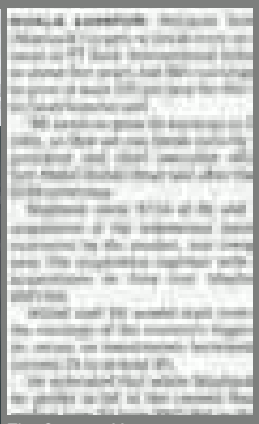
The Edge Financial Daily, 9 Apr 2009

Maybank sees key businesses growing

New Straits Times, 23 Mar 2009

Maybank and Usaha Sama in mentorship programme

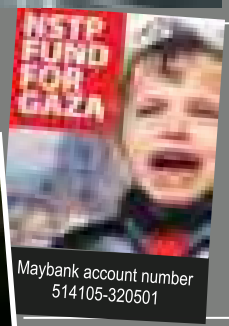
The Star, 14 Apr 2009



The Star, 24 Mar 2009

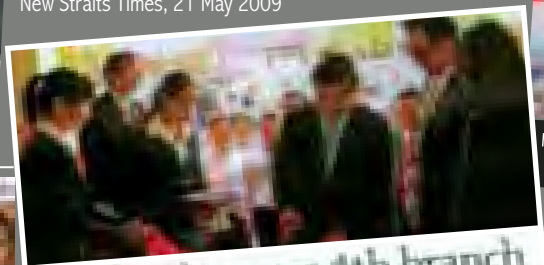
The Edge Financial Daily, 19 June 2009

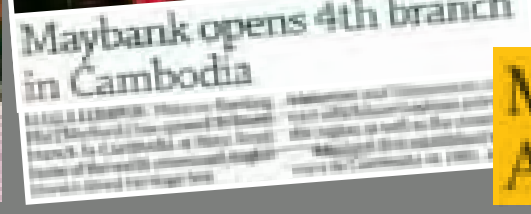
New Straits Times, 21 May 2009



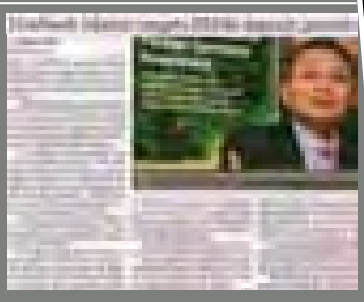
Maybank opens up channels for aid

New Straits Times, 8 Jan 2009



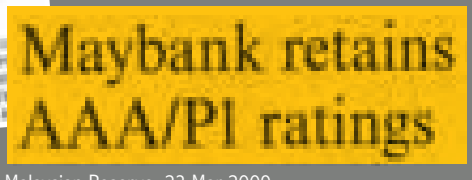


The Edge Financial Daily, 16 June 2009



The Edge Financial Daily, 19 May 2009

Malaysian Reserve, 17 Dec 2008



Malaysian Reserve, 23 Mar 2009

Corporate Calendar

01

02

03

04

05

July 2008

01 **Jul 11** Maybank Singapore was one of the three Gold sponsors for the Economic Society of Singapore's Annual Dinner which featured a dialogue session with Minister Mentor Lee Kuan Yew on how Singapore navigated the economic challenges and the importance of a global perspective for future planning.

Jul 20 Maybank Singapore continued its commitment to the financial education of the Malay community through sponsorship of the annual Berita Harian Financial Planning Conference for the seventh year running.

Jul 24 Maybank launched Takaful Al-Waqi, a RM200 million Short Term Single Premium Islamic Investment-linked Plan. The Plan's two year tenure was the shortest term single premium investment-linked Islamic commodities fund in the market.

02 **Jul 31** Maybank organised its Annual Treats Fair, the country's largest one-stop redemption fair by a financial institution. The three-day fair at Mid Valley Exhibition Centre Kuala Lumpur was held in conjunction with the Malaysia Mega Sale Carnival. It attracted more than 250 merchants and garnered more than 150,000 visitors, an increase of over 30% in number of visitors compared to 2007.

August 2008

Aug 1 Maybank launched two business financing facilities, namely the SME Assistance Facility and SME Modernisation Facility to assist viable SMEs facing financing difficulties. The RM1.2 billion fund was utilised by February 2009.

Aug 8 Maybank completed its acquisition of a 20% equity interest in MCB Bank Limted of Pakistan for a cash consideration of approximately RM2.24 billion.

03 **Aug 13** The Maybank 21st Century Structured Deposit (M21C) was launched. This was the first structured capital guarantee deposit in Malaysia to invest in three asset classes, namely money market, equities and commodities with a focus on sustainable sectors.

04 **Aug 15** Maybank Singapore received for the second time, accolades for its series of pro-family and work-life initiatives in the workplace by clinching the Work-Life Excellence Award 2008.

05 **Aug 17** Maybank and Utusan Malaysia presented 10 ambulances and a water tank to hospitals in Bengkulu, Sumatra. The contribution was made from the more than RM1 million raised jointly by Maybank and Utusan Malaysia through Maybank channels such as Maybank2u.com and branches to assist earthquake victims in Sumatra.

Aug 19 Aseambankers Malaysia Berhad was lead arranger of a RM300 million Syndicated Term Loan for Ann Joo Integrated Steel Sdn Bhd.

Aug 21 Maybank launched PesonaLady and Takaful PesonaLady, two comprehensive personal accident plans offering wider protection to women in the event of accident or women-related illnesses. The plans were also the first-of-its-kind to provide women coverage for losses from crime-related activities such as kidnapping and abduction, forced ATM withdrawal due to extortion and domestic violence.

06 **Aug 25** Maybank Islamic Berhad introduced its Islamic credit card, the Ikhwan Card. The Ikhwan Card is offered in Platinum or Gold and carries either the international cards franchise of VISA International or American Express. With this launch, Maybank Islamic Berhad also became the first bank in the world to issue an Islamic credit card bearing the American Express logo on the American Express network worldwide.

Aug 27 Aseambankers Malaysia Berhad entered into a share sale agreement to purchase BinaFikir Sdn Bhd.

Aug 27 Maybank announced a pre-tax profit of RM4.09 billion and net profit of RM2.93 billion for the financial year ended 30 June 2008. It also announced a final dividend of 20 sen per share less 26% income tax bringing the dividend payout ratio for the year to 60.4% of Group net profit.

Aug 31 Aseambankers Malaysia Berhad was the Principal Adviser/Lead Arranger for the issuance of Maybank's SGD600 million Innovative Tier 1 Capital Securities (SGD IT1CS) under the Innovative Tier 1 Capital Securities Programme of up to RM4 billion and/or its foreign currency equivalent in nominal value (IT1CS Programme).

September 2008

Sept 25 Maybank held its 48th Annual General Meeting at the Grand Ballroom, Shangri-la Hotel, Kuala Lumpur.

Sept 25 Aseambankers Malaysia Berhad was the Principal Adviser/Lead Arranger for the issuance of Maybank's RM1.1 billion Innovative Tier 1 Capital Securities (RM IT1CS) under the Innovative Tier 1 Capital Securities Programme of up to RM4 billion and/or its Foreign Currency Equivalent in Nominal Value (IT1CS Programme).

Sep 28 Maybank completed its acquisition of a 15% equity stake in An Binh Commercial Joint Stock Bank, Vietnam for a cash consideration of approximately RM327 million.

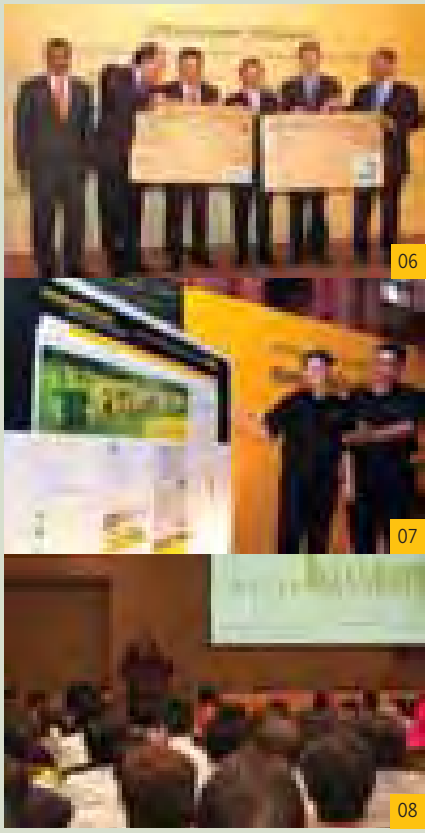
Sept 30 Maybank completed the acquisition of Sorak Financial Holdings with the conclusion of a supplemental agreement with Fullerton Financial Holdings and Kookmin Bank. Maybank successfully obtained a rebate of RM758.9 million on the total purchase consideration of Bank Internasional Indonesia (BII) which translated into a 15% lower price to the earlier agreed price of Rp510 per BII share. With the acquisition, Maybank held a 55.6% equity interest in BII held by Sorak.

October 2008

07 **Oct 15** Maybank introduced a revamped all-new, all-you Maybank2u.com with a host of more personalised and comprehensive account and transaction information. Maybank2u.com is Malaysia's leading Internet banking portal with the largest number of registered users, transaction volume and bill payment facilities.

Oct 23 Maybank sponsored the Business Council for Sustainable Development Malaysia seminar entitled Creating Business Sustainability Through Global Standards - The Survival of SMEs in the Global Supply Chain to promote business sustainability among SMEs.

08 **Oct 31** Maybank announced new and redesignated senior management appointments to reinforce the Group's strengths and support the LEAP30 performance improvement programme.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Oct 31 Maybank Singapore clinched the highest number of Gold and Star Awards at the annual SPRING Singapore's Excellence Service Awards beating nine other participating financial institutions. The Bank won 182 Silver, 91 Gold and 53 Star awards. Candy Lim, Service Manager, Maybank@Ang Mo Kio emerged one of the three Superstar finalists in the Banking and Financial Services sector.

November 2008

Nov 6 Maybank Islamic Berhad launched the Maybank Al-Sayf Structured Islamic Deposit (MAS-i), a three and a half year tenure product providing 100% capital protection on principal investment at maturity, a guaranteed payout at the end of each year plus a potential bonus payout of 3% each year.

01 **Nov 10** Maybank launched e-Payment Saman Trafik (e-Payment Traffic Summons) with Polis DiRaja Malaysia, enabling the public to pay their traffic summons with credit or debit cards at police traffic offices nationwide.

Nov 11 Maybank announced a pre-tax profit of RM881.8 million and net profit of RM572.2 million for the three months ended 30 September 2008.

Nov 11 Maybank Singapore was appointed Mandated Lead Arranger and Bookrunner for First Gas Power Corporation's Brownfield Project Financing. Maybank Philippines Inc acted as the Co-Security Trustee in the facility.

Nov 18 Aseambankers Malaysia Berhad jointly lead arranged Chemical Company of Malaysia Berhad's RM500 million Musyarakah Islamic Commercial Papers/Islamic Medium Term Notes Programme.

Nov 19 Maybank together with the Association of Banks in Malaysia organised a roadshow aimed at assisting SMEs during the economic downturn. The first of the series of roadshows entitled Facilitating SMEs Through Challenging Times was held in Penang.

02 **Nov 25** Maybank and the National Higher Education Fund Corporation (PTPTN) signed a partnership agreement for the Bank to be PTPTN's agent for the National Education Savings Scheme (SSPN). Prior to this, SSPN accounts could only be opened at PTPTN Counters.

Nov 25 Maybank revised its base lending rate from 6.75% to 6.5% effective 1 December 2008. The base financing rate of Maybank Islamic Berhad was also revised from 6.75% to 6.5%.

December 2008

03 **Dec 1** Maybank disbursed more than RM1.8 million scholarship awards to 205 students pursuing undergraduate studies at local universities this year. Of this number, 54 were new recipients. Six Maybank scholars who graduated with First Class honours also received special awards. Maybank also extended its scholarship awards for the first time to students from private universities.

04 **Dec 1** Maybankard launched a three-month petrol rebate Cash Back campaign with Caltex.

Dec 2 Maybank completed its acquisition of 97.5% of BII.

Dec 8 Maybank was the first financial institution to announce a special financial relief scheme for customers and employees affected by the Bukit Antarabangsa landslide tragedy in Ulu Klang, Ampang. Customers with consumer, automobile financing, credit cards and business loans were given a deferment of monthly installment payment for up to six months, on a case to case basis as well as assistance for insurance claims.

Dec 16 Maybank Islamic launched its Musharakah Mutanaqisah Term Financing-i (MMTF-i) for corporate and business customers. MMTF-i is a Shariah-compliant financing facility for asset acquisitions as well as for refinancing of landed properties, plant and machinery, vessels and commercial vehicles based on the Islamic principle of Musharakah Mutanaqisah, or diminishing partnership concept.

Dec 23 Maybank Singapore donated SGD20,000 worth of vouchers to help kick-start the new school year for needy children under the care of Lakeside Family Centre. It also organised a party for over 200 children and their families at the centre.

January 2009

Jan 7 Maybank joined the NSTP Group in the NSTP Fund for Gaza fund-raising campaign offering its entire delivery channels of branches, electronic delivery network, namely, Maybank2u.com, KawanKu phone banking, ATMs as well as cash and deposit machines to enable the public to donate to the Fund. The Bank also initiated a fund-raising campaign among employees which saw over RM122,000 collected for the Maybank Staff Fund for Gaza.

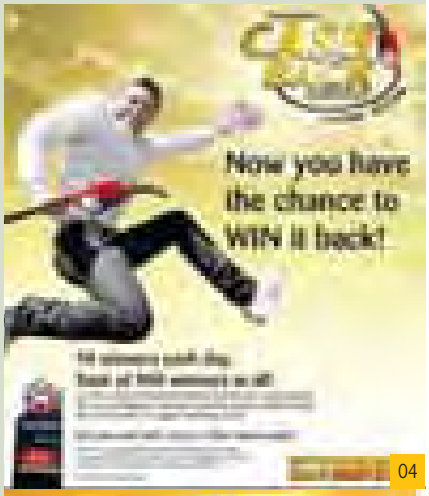
05 **Jan 15** Rebranding of Aseambankers Malaysia Berhad to Maybank Investment Bank Berhad. The then Minister of Finance II, Tan Sri Nor Mohamed Yakcop officially unveiled the new corporate name and identity in Kuala Lumpur.

06 **Jan 20** Maybank received a certificate of recognition from Visa International for its achievement in issuing 1 million Maybankard Visa Debit cards well ahead of the Bank's projected timeframe to achieve this target a year after launch in March 2008.

Jan 23 Maybank announced a reduction of its base lending rate from 6.5% to 5.95% and the base financing rate of Maybank Islamic Berhad from 6.5% to 5.95% effective 3 February 2009.

Jan 23 Maybank opened its third branch in Cambodia, at Mao Tse Toung Boulevard, Phnom Penh's busiest commercial street.

07 **Jan 29** Maybank and Tenaga Nasional Berhad introduced Malaysia's first online bill presentation service available on an Internet banking portal, via Maybank2u.com. With this service, Maybank2u.com customers can view their electricity bills online and make immediate payments via Maybank2u.com without the need for the physical electricity bill.



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February 2009

Feb 3 Maybank launched a RM2 billion SME Assistance Guarantee Scheme (SAGS) to provide financing to viable SMEs adversely impacted by the current economic slowdown. SAGS is one of the Group's programmes to ensure business sustainability and growth for the SME sector.

01 **Feb 12** Maybank was the Title Sponsor for the fourth consecutive year of the Maybank Malaysian Open 2009 which was held from 12 to 15 February 2009 at the Saujana Golf & Country Club, Shah Alam. Over 200 players, including some of the world's best golfers from the European and Asian Tours competed in one of the most prestigious golf tournaments in the region.

Feb 13 Maybank@Jurong Point Branch's official opening marked the start of the bank's localised Corporate Social Responsibility programme which aims to make a difference in the community where its branches are located. To kick-start the programme, Maybank Singapore staff hand-made 5,000 roses from recycled paper and raised SGD5,000 for needy students of Hua Yi Secondary School.

02 **Feb 20** Etiqa Takaful Berhad and Angkatan Koperasi Kebangsaan Malaysia officially launched the Skim Tabarru Koperasi, a new group takaful protection scheme that caters specifically for all cooperative members, with low yearly premium to help all levels of cooperative members in the country to get takaful protection.

Feb 23 Maybank launched the Save Big & Win Big deposit campaign to encourage savings as well as reward customers for their loyalty. The campaign which ran for six months offered total prize money worth RM180,000 including a trip around the world for two as the Grand Prize.

Feb 26 Maybank announced a reduction of its base lending rate from 5.95% to 5.55% effective 2 March 2009. The base financing rate of Maybank Islamic Berhad was similarly revised downwards from 5.95% to 5.55% effective the same date.

03 **Feb 26** Maybank, Singapore Airlines and American Express launched the Singapore Airlines KrisFlyer American Express® Gold Credit Card, the first co-brand card between a card issuer and the airline in Malaysia. The new card offers Malaysia's best frequent flyer miles programme to date, the best earn rate for airline miles in Malaysia as well as the most attractive savings for redeeming these miles for flights.

Feb 27 Maybank Group posted a profit before tax of RM1.84 billion and a net profit of RM1.31 billion for the half year ended 31 December 2009. The Group also announced a proposed rights issue of up to RM6 billion as a key component of its strategic transformation plan to strengthen capital and strongly position the Group for future growth and greater market leadership.

March 2009

Mar 3 Maybank held an Extraordinary General Meeting in relation to its proposed rights issue.

Mar 3 Maybank Singapore was appointed as Mandated Lead Arranger and Bookrunner for Fraser & Neave Treasury Pte Ltd's Syndicated Term Loan Facility.

04 Mar 19 Maybank officially opened a new branch and private banking centre in Puchong. The event was jointly officiated by Lim Hong Tat, Head of Consumer Banking, Maybank and Tan Sri Dato' Lee Shin Cheng, Executive Chairman, IOI Group. This is the fourth branch in Puchong to serve the growing community in Bandar Puteri Puchong.

05 Mar 20 BII unveiled its new corporate identity to reflect the integration of Maybank and BII. The new logo reflects the synergy, combined expertise and the complementary strengths of BII and Maybank.

Mar 25 Maybank became the first financial institution in Singapore to achieve triple certification for Business Excellence. The Bank was accorded certification for the Singapore Quality Class, Service Class and People Developer.

Mar 28 In support of Earth Hour, Maybank turned off the facade lights of Menara Maybank, Dataran Maybank and Maybank Tower in Singapore to assist in promoting public awareness on the impact of global warming.

April 2009

Apr 3 The Maybank Autocall Structured Deposit was launched offering a dynamic investment opportunity to investors in Malaysia to benefit from China's economic recovery. This seven-year tenure product with a possibility of autocall (early termination) from the second year onwards offers a 5% p.a. guaranteed coupon payout at the end of the first year, with potential coupon payout increases of 6% p.a. from the second year onwards. It provides 100% capital protection when held until maturity or autocall date.

06 Apr 7 The Bank launched its GUEST & Telephone Etiquette campaign to promote service excellence at all customer touch points as well as to enhance process improvement and strengthen our service culture.

Apr 9 Maybank was one of the partners with Maxis, Nokia and Visa to launch a Contactless Mobile Payment Service, Maxis FastTap in Malaysia. Malaysia was the first in the world to enjoy multi-payment Near Field Communication (NFC) services on mobile phones. Maxis FastTap was the first global commercial service to intergrate multiple NFC applications for contactless credit card payment (in collaboration with Maybank and Visa) and Touch 'n Go electronic payment for transit, toll and parking payment on the same device.

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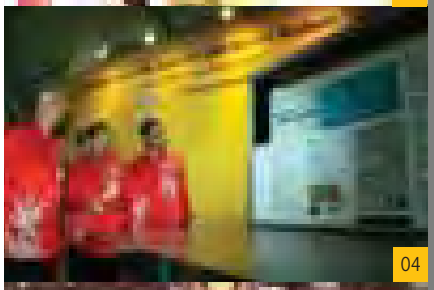
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01 Apr 13 Maybank became the first financial institution in Malaysia to embark on an Occupational Safety & Health Mentorship programme with an SME, namely Usaha Sama Security Sdn Bhd. The year-long mentorship programme is part of the Federal Territory Department of Occupational Safety & Health Mentor-Mentee and Good Neighbourhood programme with SMEs aimed at increasing the level of occupational safety and health for the SME sector with the support of key corporations.

02 Apr 18 Maybank Group was the Premium Sponsor of Permodalan Nasional Berhad's Minggu Saham Amanah Malaysia (MSAM), the nation's premier unit trust investment fair in Johor Bahru. Maybank has been a partner of MSAM for 10 years. The Bank's participation is part of its corporate social responsibility programme to help educate consumers on savings and investing for the future.

03 Apr 19 In conjunction with Earth month, 80 staff from Maybank Singapore turned energy auditors and dispensed energy-saving tips to over 1000 households in the vicinity of Maybank@Yishun. This was part of Maybank Singapore's localised corporate social responsibility commitment.

04 Apr 20 Maybank and Permodalan Nasional Berhad (PNB) jointly launched Malaysia's first online facility allowing Amanah Saham Bumiputra (ASB) investors the convenience of making additional investments on their ASB account via Maybank2u.com.

Apr 23 Maybank IB was appointed as the International Co-Manager for the first sovereign issue of global Sukuk for the Government of Indonesia. The maiden Sukuk transaction amounting to USD650 million was issued via Perusahaan Penerbit SBSN Indonesia I.

Apr 27 Maybank, American Express and AirAsia announced the acceptance of American Express Cards for AirAsia bookings via the airline's website, Call Centres and sales counters. American Express Cardmembers worldwide may purchase tickets from any origin to any destination using AirAsia Malaysia, Singapore and Thailand websites. Acceptance of American Express cards at Market websites for Australia, India, Bangladesh, Cambodia, Laos, Myanmar and Vietnam will be enabled through stages.

Apr 30 Maybank successfully completed its RM6 billion rights issue with the listing of the rights shares on Bursa Malaysia Securities Berhad. The rights issue, which raised approximately RM6.018 billion, was the largest in Malaysian corporate history and was over-subscribed with a subscription rate of 128%. It resulted in Maybank being among the best capitalised banks in Asia.

May 2009

05 May 1 Maybank received the Ministry of Human Resources, Malaysia Caring Employer Award' from the Prime Minister YAB Dato Seri Najib Tun Razak during the National Workers' Day Celebration in recognition of the Bank creating an ideal work place as well as caring for the welfare of employees.

May 5 The Bank's Enterprise Trade Finance System was implemented to enable customers to submit their trade finance application transactions to the Bank and communicate with the Bank on the transactions online via Maybank2e.net.

06 **May 18** Maybank Islamic launched Foreign Currency Mudharabah-i (FCM-i), the first short-term Islamic foreign currency term deposit account based on the principle of Mudharabah. It also concurrently introduced Profit Now Account-i (PNA-i), a Shariah-compliant term deposit account which has a fixed return feature and pays upfront dividend upon placement of investment.

May 20 Two new accounts for senior citizens were launched - Golden Savers Account and Golden Savers Account-i, designed to meet the financial needs of people aged 50 and above as well as, retirees or those who are planning for early retirement.

May 21 Maybank recorded a pre-tax profit of RM2.50 billion of RM1.81 billion net profit for the nine months ended 31 March 2009.

07 **May 30** Maybank Wealth Management hosted an Investment Forum with the theme "Beyond the Global Crisis" in Kuala Lumpur. The Forum focused on latest developments of the global financial crisis and offered expert views on investment opportunities in challenging times. More than 500 high net worth clients attended the Forum.

June 2009

June 3 Maybank Singapore launched a new credit card rewards programme for all its credit cardmembers. Maybank also became the first bank in Singapore to give cardmembers the flexibility of earning cash rebates or more loyalty points.

June 8 Etiqa and Standard Chartered launched Global Bond Life Plan, the first-of-its-kind in the market, providing cash payouts for the initial five years, and a regular income stream for investors in the short term.

08 **June 15** Maybank opened its fourth branch in Cambodia located in Siem Reap, home of the world renowned Angkor UNESCO World Heritage Site. H.E. Sok Leakhena, Deputy Governor of Siem Reap Province officiated at the launch.

09 **June 18** Maybank and American Express launched the American Express® Gold Credit Card, the first credit card in Malaysia to offer the lowest revolving interest rate among all cards in Malaysia at 9% per annum, with a special introductory offer of zero percent finance charge until end December 2009. It comes with a lifetime annual fee waiver and offers up to five times membership rewards points for every Ringgit spent.

June 19 Maybank Wealth Management hosted an Investment Forum themed Beyond the Global Crisis in Kota Kinabalu. More than 500 high net worth clients attended the Forum.

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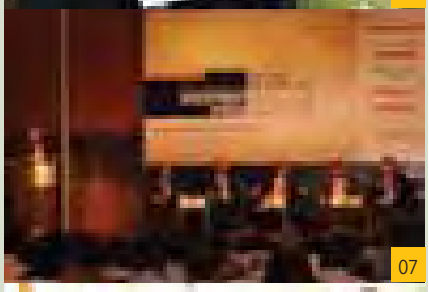
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Customer Experience

Maybank has adopted best practices that will propel us to set the benchmark for customer care.

Maybank's commitment to product and service excellence is complemented in equal measure by the Group's quest to deliver unsurpassed customer experience.

With this in mind, Maybank has adopted best practices that will set the benchmark for customer care. The foundation of this model is premised on Maybank Group's three Ps of People, Products and Processes, which must be well aligned for the Group to achieve excellence in customer experience.

The LEAP30 Transformation initiatives continue to reinforce a strong service-oriented culture in the Group based on embracing the Group Core Values to improve customer retention and increase customer acquisition.

Structuring Customer Experience

Maybank has put in place a formal structure solely responsible for the continued improvement in customer service standards. For the consumer business sector, we have established three cluster teams tasked to review and analyse customer service gaps and recommend solutions.

The People Cluster Team focuses on hiring and training front-liners while initiating customer service programmes. The team also oversees complaint resolution and customer recovery.

The Products Cluster Team reviews Maybank's product range to determine how well each product is received by customers. Through strategic focus group sessions, we can better understand and tailor our products to effectively and efficiently meet customer needs.

The Processes Cluster Team is responsible for streamlining processes to shorten lead time in developing, approving and launching new products. The team also identifies key areas where customers are not being efficiently served and recommends the necessary improvements.

The Group has set up Customer Feedback Management units in its various business entities for complaints resolution and to improve process and operational efficiency as well as customer relationship management (CRM).

For corporate customers, the new Corporate Banking sector remained focused on being the one-stop financial services provider adopting a holistic client coverage model for effective cross-selling of Group product offerings. Three business groups have been created with an experienced pool of portfolio managers to handle Government-linked companies, public-listed Malaysian corporates and multinational corporations.

Etiqa has implemented its Business & Marketing Strategy Plan supported by its CRM strategy that covers strategic areas, namely customer focus, customer segmentation model, IT enhancements and the CRM and Database Management team. The CRM Unit will become the Customer Knowledge Centre to support marketing and sales sectors. Its CRM plan adopts a customer-centric focus where its programmes are aligned with the Etiqa brand of humanising insurance and putting people above polices.

In Singapore, the Management put in place a business excellence framework worthy of certification at a national level. Maybank Singapore has achieved triple certification in Singapore Quality Class, Service Class and People Developer in April 2009, earning it the first in the banking industry in Singapore to achieve triple certification for business excellence.

BII manages and monitors service excellence by adopting a Branch Monitoring scorecard, implementing SLAs for service turnaround time, customer waiting time and processes which have impact to customers. As a result of these service initiatives, BII was awarded with several top honours in banking services and customer satisfaction.

In the Philippines, Service Quality teams monitor customer service and have introduced enhanced programmes and initiatives aligned to the Group's core values. Maybank Philippines is the first bank in the Philippines to be awarded the ISO9001:2000 Certification for its Customer Complaint Management and Customer Recovery System.

The Group's call centres in Malaysia, Singapore, Indonesia and the Philippines are important contact points to service its more than eight million customers. These centres serve as important first point contacts for different customer segments from retail to cards, insurance to investments as well as corporate and business clients.

The call centres are also changing their role from inbound centres to providing outbound telemarketing activities. Maybank has revamped its Interactive Voice Recognition (IVR) system at its call centre to provide quicker self-guided access, while Etiqa, in keeping with its brand promise of humanising insurance, has replaced its IVR with a human interface.

Service Quality Initiatives

In an effort to reinforce our service quality standards and continuously promote service excellence, the Maybank Group implements various programmes such as customer sales and service training programmes, service standards monitoring, and customer surveys. Some of these initiatives have earned the Group recognition and awards for customer service.

The Bank has on-going programmes to ensure its customer relationship personnel receive the right skills and training, acquire professional certifications and qualifications as well as adhere to risk management policies to match the right kind of service and financial solutions to their needs.

During the year, the Bank continued to reinforce its GUEST (Greet, Understand, Eye Contact, Smile, Thank) & Telephone Etiquette programme. The programme, introduced in 2008, was inspired by the Malaysian sense of hospitality. The Group believes that Maybank customers must be treated the same way as guests in our homes. Since its introduction, this service culture is being expanded across all sectors, among employees and customer touchpoints. The programmes have contributed to raising service quality standards, contributing to better process improvement and service quality to customers. These two programmes have been implemented in Maybank Philippines since 2004.

In Malaysia, we have developed lending templates to cater to the SME segment to reduce turnaround time in loan processing. Loan processing is now automated at business centres. Additionally, we have increased customer touchpoints via Maybank2e.net's InfoBasic and InfoActiv information management modules dedicated to SMEs.

Paying Attention to Our Customers

In Maybank, we believe in listening to our customers. This ensures that we can fully understand their needs and tailor the right financial solution for our customers.

Based on this principle, Maybank has adopted the Voice of the Customer (VOC) as part of our Customer Experience model. Structured VOC includes market research initiatives such as focus groups, interviews and mystery shopping activities as well as customer surveys. Non-structured VOC includes unplanned customer feedback including phone calls, emails and feedback from employees based on their interaction with customers.

This model is also adopted across the Group. For instance, BII's Service Excellence programme measures branches through a branch monitoring score card in addition to monitoring Service Level Agreements for service time and project improvement. It has made considerable improvements on complaint handling processes and was ranked Top 2 in the Banking Service Excellence Monitor Award by MRI and Info bank, Top 3 for Customer Satisfaction Index by ISMS and Info Bank, and Top 3 for Call Centre Service Excellence Index Award for Credit Card customer by Carre-CCSL. In Maybank Philippines, an annual comprehensive quantitative survey is undertaken for customers to rate the overall perception of branches and their service delivery. The findings serve as the baseline for the branch performance indicator.

In reinforcing the Bank's commitment to convenience and seamless experience, the Bank's rewards campaigns are made simple to participate. Customers are automatically eligible for rewards when undertaking ordinary banking or lifestyle activities such as using the Bank's cards or online banking channel for payments or opening a bank account.

The Bank continued to form smart partnerships with business associates such as property developers and third party fund managers to offer specialised products for different customer segments. Such partnerships enabled us to build invaluable links and promote a win-win relationship with them.

During the year, Maybank was the first financial institution to announce a package to assist customers affected by floods, victims of the Bukit Antarabangsa landslide tragedy as well as those affected by the economic downturn arising from the world financial crisis including small and medium enterprises and corporates. While the Bank's assistance reflects its strong corporate responsibility in providing relief such as deferment of payments and restructuring of repayments, it also demonstrates the Bank's commitment to be a caring partner.

Customer Experience & Technology

The Group places high priority to ensure that the right technology is used to enhance customer experience. We believe that technology offers unparalleled access, speed and convenience, not to mention greater security. Nevertheless, we are mindful not to lose the element of a personal touch in our pursuit of online banking excellence.

Currently, Maybank is the established market leader in online banking in Malaysia, with the largest user base of 3.8 million customers and the highest number of web-based product offerings online. Our leadership role in this category was further solidified when Maybank2u.com was voted as the Best Brand for Banking Online and was awarded the Brand Laureate Award by the Asia Pacific Brands Foundation.

The Group intends to leverage on its strengths in virtual banking to create a comprehensive range of end-to-end

financial solutions. In the near future, the entire spectrum of Maybank customers can have the option to conduct their banking either via Maybank2u.com or through our Call Centre.

The Bank leverages on its leadership in electronic channels to deliver a range of services via the largest electronic network of more than 4,568 self-service terminals. During the year, 13 new branches were opened, each with a dedicated e-KawanKu Service Zone offering an array of electronic self-service terminals including ATMs as well as cash and cheque deposit machines. In addition, 91 off-bank ATMs were also installed at locations such as petrol outlets and shopping malls to serve the community.

In its overseas offices, new branches were opened in Cambodia and Vietnam providing ATM facilities to enable the Group enlarge its regional link. In line with the Bank's regional strategy, the plan to link our ATM network and over-the-counter transactions across the region for seamless connectivity and access are underway particularly in Indonesia, Singapore and Malaysia.

Enhancing Relationships

Building long-term and meaningful relationships with our customers is key to our success. To achieve this, we have implemented a Customer Segmentation model which allows a one-to-one marketing approach based on customer needs.

The CRM strategies have also enabled Maybank to deliver targeted marketing messages to selected consumer segments in our database. This provides for a more direct and efficient marketing strategy.

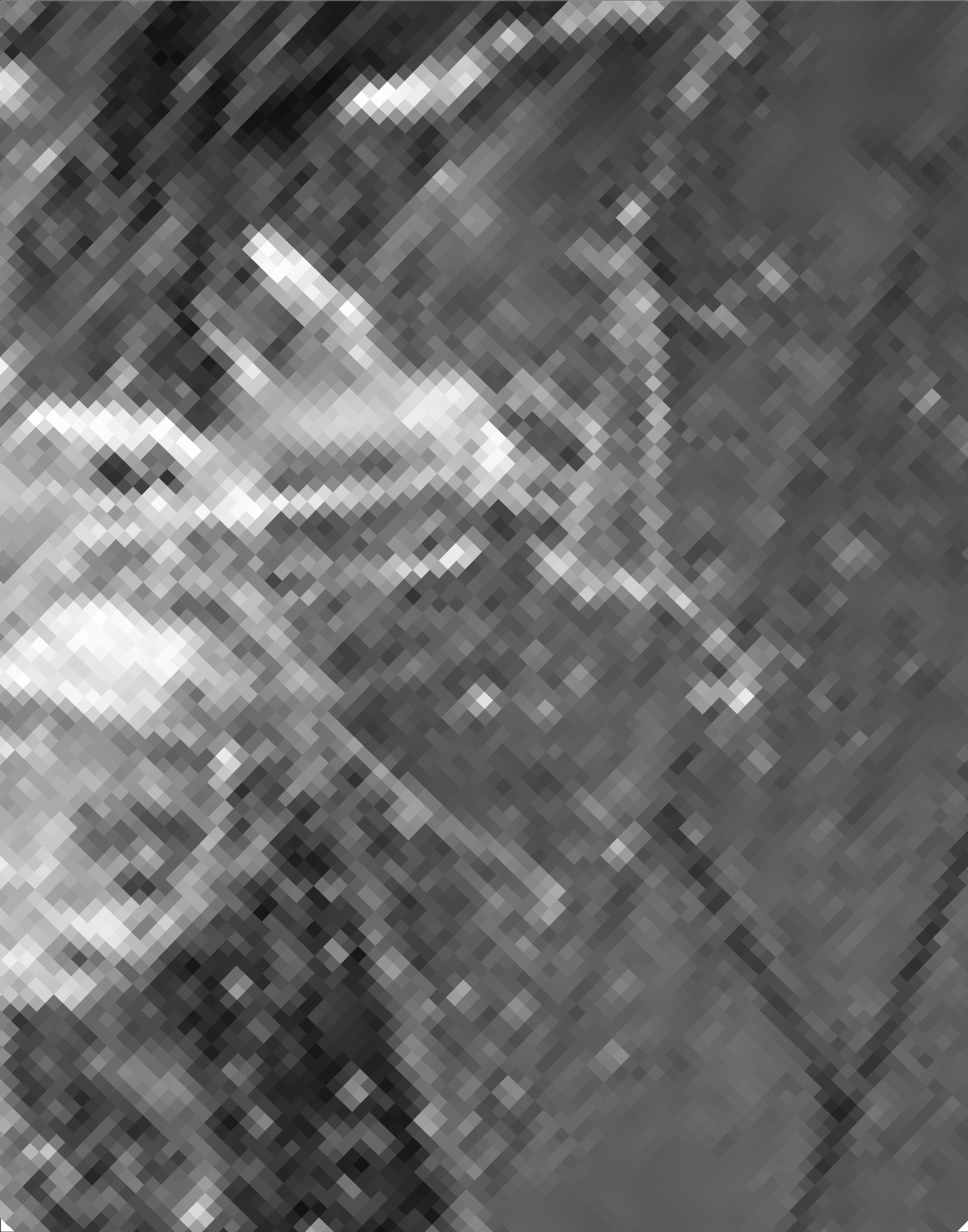
With our transformation journey well underway, the Group's CRM approach will be focused on acquiring new customers while retaining and expanding our business with existing customers. Our ultimate aim is to ensure that our customers will experience a consistent banking experience across all channels as well as in regions where we operate.

Regional Leadership

Among Top 5 Banks in South East Asia by Asset Size

Growing Presence in Key Emerging Economies

Strengthening Capabilities to Capitalise on Growth Opportunities



Innovation & Leadership

Malaysia's banking icon has been making waves since its inception in 1960. Over the years, Maybank has achieved many milestone moments, all of which support our vision of becoming a leading regional financial services group by 2015.

MALAYSIA'S MOST VALUABLE BRANDS '08

- Largest financial services provider in Malaysia
- No.1 bank in Malaysia by assets and reach
- Largest banking network in Malaysia with 386 branches, 17 trade finance centres, 39 business centres, 37 share investment centres and 22 private banking centres
- No.1 Islamic bank in Malaysia by assets
- No.1 Islamic financial services provider in Asia Pacific
- Largest rights issue of RM6 billion in Malaysia
- First in Malaysia to embark on an Occupational Safety & Health Mentorship programme with SMEs in 2009
- First to launch online facility for making additional investments in ASB units with PNB
- Malaysia's Most Valuable Brand in 2008 & 2007
- First to launch Malaysia's dual purpose Bankcard in partnership with Visa International in 2008
- First to launch complete mobile money service in Malaysia with Maxis in 2007
- First to introduce the structured commodity financing solution for business customers in 2007

- First to offer online mobile banking via SMS followed by M2U Mobile Services using GPRS/3G phones in 2006
- First bank at a petrol station in 2004
- First to launch Malaysia's Internet banking kiosk, Maybank2u.com Internet Kiosk in 2003
- First Malaysian bank to open a branch in Shanghai, People's Republic of China in 2000
- First in Malaysia and South East Asia to offer common ATM and over-the-counter services in Malaysia, Singapore, Brunei and the Philippines in 2000
- Pioneer in Internet banking services in Malaysia in 2000
- First to introduce View & Pay service in Malaysia using credit card and direct debit via Internet with Mesiniaga Bhd in 2000
- First to offer the convenience of ticket-less travel for domestic flights on MAS through MAS Electronic Ticketing (MASET) in 1997
- Pioneer in bancassurance and first to introduce the class of products in March 1996
- First to set up ATMs in Malaysia in 1981
- Pioneer in computerisation of banking operations in Malaysia in 1979
- First to launch tele-banking service in 1979
- First to introduce mobile banking services in 1976
- First to introduce the rural credit scheme in 1974

Awards & Recognition

Maybank is recognised for making waves in the banking and financial services industry locally and internationally.

2009

- Finance Asia Country Awards
  - Best Cash Management Bank
  - Best Trade Finance Bank
- Euromoney Awards
  - Best Local Bank - Malaysia
  - Best Private Banking Services Overall – Malaysia
- The Asset Triple A Award
  - Best Cash Management Bank in Malaysia
- The Asset Triple A Award. Islamic Finance Award (Maybank Investment Bank)
  - Most Innovative Islamic Finance Deals
    - WCT Engineering Berhad RM300 million Sukuk Musyarakah with warrants
  - Best Innovative Islamic finance deals
    - Cagamas RM2 billion Sukuk Commodity Murabahah
- Global Finance
  - Best Foreign Exchange Bank in Malaysia
  - Best Trade Finance Provider in Malaysia
  - Best Sub-Custodian Bank in Malaysia
- International Takaful Award 2009 (Etiqa Takaful Berhad)
  - Best Banca Takaful Award

- Investor Magazine (Maybank Indocorp)
  - Best Bank for asset size Rp1 trillion - Rp10 trillion category
- Ministry of Human Resources, Malaysia
  - Caring Employer Award - Winner
- Asiamoney Private Banking Poll
  - Overall Best Domestic Private Bank in Malaysia (Asset under management of USD1million and above)
- Trade Finance Magazine Awards for Excellence
  - Best Local Trade Bank in Malaysia
  - Best Islamic Trade Bank in Asia (Maybank Islamic Berhad)
- Reader's Digest Trusted Brand Award
  - Bank - Gold Award
  - Credit Card Issuing Bank - Gold Award
  - Islamic Financial services - Gold Award (Maybank Islamic Berhad)
- RAM Lead Managers Award (Maybank Investment Bank)
  - Issue Value (2008) - 1st position
  - Number of Deals (2008) - 3rd position
- RAM Lead Managers Islamic Award (Maybank Investment Bank)
  - Number of Deals (2008) - 3rd position
  - Issue Value (2008) - 2nd position
- Carre (Center for Customer Satisfaction & Loyalty) Call Center Award
  - Service Excellence for Credit Card Customers (BII)
- Marketing Magazine and Carre - Center for Customer Satisfaction and Loyalty Service Quality Award
  - Gold Award (BII)
- Indonesian Institute for Corporate Directorship, Centre for International Private Enterprise Washington, DC and Business Review Magazine. Good Corporate Governance Award (BII)
  - The Best Individual Indicators Responsibility of the Board
- SWA Magazine and Stern Stewart & Co. (100 Public Companies Rank in the SWA 100 2009). Indonesia Best Wealth Creators Award (BII)
  - One of the Best Public Companies Based On WAI™ (Wealth Added Index) Method
- Infobank and MRI Awards (BII)
  - Best Banking Service Excellence Monitor Award – 2nd Placing
  - Best ATM – 3rd Placing
  - Best Phone Handling, Phone Banking Machine - 2nd Placing
  - The Best Phone Banking Officer
- Infobank Magazine Golden Trophy 2009 (BII)
  - "Very Good" Financial Performance 2004-2008

2008

- Alpha Southeast Asia
  - Best Merger & Acquisition (M&A) Deal in South-East Asia
  - Best Trade Finance in Malaysia
  - Best Cash Management in Malaysia
  - Best Financial Supply Chain Bank in Malaysia
- Global Finance
  - Best Bank in Malaysia
  - Best Trade Finance Bank in Malaysia
  - Best Foreign Exchange Bank in Malaysia
  - Best Sub-Custodian Bank in Malaysia
- 2008 Asiamoney Polls
  - Best Local Currency Cash Management Services
- Finance Asia Country Awards for Achievement
  - Best Cash Management Bank
  - Best Trade Finance Bank
  - Best Foreign Exchange Bank
- Trade Finance Magazine
  - Best Local Trade Bank in Malaysia
- The Asset Triple A Transactional Banking Awards
  - Best Cash Management Bank for Malaysia
  - Best Trade Finance Bank for Malaysia
- Asian Banker Excellence in Retail Financial Services Award
  - Excellence in Automobile Lending in the Asia Pacific, Gulf Region and Central Asia Asiamoney
- Asiamoney
  - Best Domestic Provider for Structured Currency Products, Malaysia
  - Best Local Currency Cash Management Services, Malaysian Ringgit
  - Best Local Cash Management Bank, Malaysia as voted by small and medium corporates
- Reader's Digest Trusted Brands
  - Bank - Gold Award
  - Credit Card Issuing Bank - Gold Award
- CGC Top SMI Supporter Award
- Asia Pacific Brands Foundation The BrandLaureate Awards
  - Best Brands in Premium Payment Cards (American Express)
  - Best Brands in Services. Insurance and Takaful (Etiqa)
- Lafferty Asia Bank Corporate Reporting Awards
  - Best Annual Report - Malaysia
- Association of Accredited Advertising Agents Malaysia / Interbrand
  - Malaysia's Most Valuable Brands 2008 (Top placing)
- Asia Pacific Brands Foundation The BrandLaureate Awards (Maybank2u.com)
  - Best Brands - Banking Online
- Contact Centre Association Malaysia. National Gold Award (Maybank2u.com)
  - Best In-House Contact Centre (Over 50 seats)
  - Best Mystery Call Shopper Excellence Award
- Euromoney Islamic Bank Award (Maybank Investment Bank)
  - Best Sukuk Deal
- KLIFF Islamic Finance Awards
  - Most Outstanding Islamic Retail Banking (Maybank Islamic Berhad)
  - Most Outstanding Takaful Company (Etiqa Takaful)
- International Takaful Award 2008 (Etiqa Takaful)
  - Best Takaful Marketing
- Islamic Finance News Awards 2008
  - Most Innovative Deal of the Year
    - WCT Berhad RM300.0 million Islamic Serial Redeemable Sukuk with Detachable Warrants

2007

- Alpha Southeast Asia
  - Best Trade Finance Bank in Malaysia
- Asia Pacific Brands Foundation
  - Brand Laureate SMEs Best Supporters Award 2007
- Association of Accredited Advertising Agents Malaysia / Interbrand
  - Malaysia's Most Valuable Brands 2007 (Top placing)
- Prime Minister's CSR Awards 2007
  - Outstanding Work in Best Workplace Practices (Honourable Mention)
- Asiamoney Cash Management Poll 2007
  - Best Local Currency Cash Management Services (By Currency) – Malaysia: MYR
  - Best Local Cash Management Bank in Malaysia as voted by Small-Sized and Medium-Sized Corporates
- Malaysian Business
  - Corporate Governance Award 2006 – CSR Award Winner
  - Corporate Governance Award - Merit Award
- The Asset Triple A Award
  - Best Cash Management Bank in Malaysia
- Global Finance
  - Best Trade Finance in Malaysia
- Global Custodian Magazine
  - "Top Rated" Cross Border and "Commended" Domestic under the Emerging Markets Agent Bank Review
- CGC Top SMI Supporter Award
- National Council for Occupational Safety and Health Award
  - Finance, Real Estate & Insurance Sector Award
  - OSH Excellence Award
- Reader's Digest Trusted Brand Gold Award
- Best @ Show Awards – Malaysian e-Banking Awards '07 (Maybank2u.com)
  - Best e-Banking Leader & Best e-Payment Channel
- Malaysian Rating Corporation Berhad
  - Islamic Bonds Issue Count – 1st Place
  - Islamic Bonds Issue Value – 3rd Place
- RAM Lead Manager Awards – Islamic (Maybank Investment Bank)
  - Number of Deals – 2nd Place
  - Issue Value – 3rd Place

- RAM Lead Manager Awards – Lead Manager (Aseambankers Malaysia Berhad)
  - Number of Deals – 2nd Place
  - Issue Value – 3rd Place
- RAM Awards of Distinction (Aseambankers Malaysia Berhad)
  - Industry Recognition Award
  - Blue Print Awards. New Structured Finance Benchmark Deal
- RAM Lead Manager Awards – Islamic (Aseambankers Malaysia Berhad)
  - Number of Deals – 2nd Place
  - Issue Value – 3rd Place
- Islamic Finance News Awards: Deals of the Year (Aseambankers Malaysia Berhad)
  - Best Country Deals Malaysia
- IDR Awards (Aseambankers Malaysia Berhad)
  - Asian Deal of the Year Award
- IFR Asia Awards(Aseambankers Malaysia Berhad)
  - Malaysia Capital Markets Deal of the Year Award
- The Asset Triple A (Aseambankers Malaysia Berhad)
  - Best Domestic Securitisation Deal of the Year Award

2006

- Dewan Bahasa dan Pustaka's Anugerah Citra Laporan Tahunan 2006
- Corporate Governance Asia Annual Recognition Award 2006
- Global Finance Award
  - Best Foreign Exchange Bank in Malaysia
- The Asset Asian Award
  - Best Cash Management Bank
- Malaysian Institute of Human Resource Management & Kelly Services Malaysia
  - Outstanding HR Achievement Award
- Sheikh Mohammed bin Rashid Al Maktoum Islamic Finance Award
  - Global Continuing Contribution to Islamic Retail Development
- Reader's Digest Trusted Brand Gold Award
- Malaysian Business Awards
  - Best Corporate Social Responsibility Award
  - Best Corporate Governance Award (Second placing)
- CGC Top SMI Supporter Award
- Euromoney Award for Excellence (Aseambankers Malaysia Berhad)
  - Best M&A House in Malaysia
- Islamic Finance News Award. Deal of the Year (Aseambankers Malaysia Berhad)
  - Mudharabah Deal of the Year
- Sheikh Mohammed bin Rashid Al Maktoum Islamic Finance Award (Aseambankers Malaysia Berhad)
  - Regional Continuing Contribution to Islamic Finance R&D (Asia)
- RAM League Award (Aseambankers Malaysia Berhad)
  - Islamic – 1st Place (Issue Value) – 3rd (Number of Deals)
  - 3rd Place (Number of Deals)
  - 3rd Place (Issue Value)
- IR Magazine (Maybank Singapore)
  - Best IR in Singapore market by a Malaysian company

2005

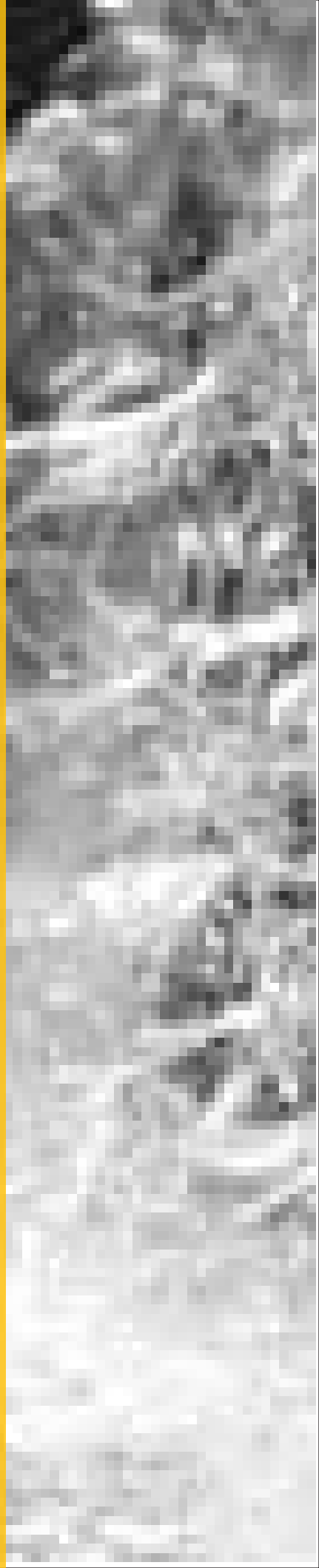
- Asiamoney Award
  - Best Cash Management – Local
  - Best Local Foreign Exchange Provider
  - Trade Finance for Best Overall Domestic Services
  - 15th Anniversary Poll of Polls (past 15 years):
    - Best Local Cash Management
    - Best Local Forex
    - Best Trade Finance (Overall)
- Quality Management Excellence Award from the Ministry of International Trade and Industry National Award for Management Accounting (NAfMA)
  - Best Practice Excellence Award
- IBM's "Innovation That Matters" Award to Financial Services Group
- Malaysian Media Awards 2005
  - Gold Award for Maybankard Travel Treats Campaign in the category "Best Use of Newspaper"
- Mastercard Asia Pacific Marketing Leadership Awards 2005
  - Best Overall Marketing Program
- Anugerah Citra Wangsa by Dewan Bahasa dan Pustaka (DBP)
  - Best use of Bahasa Malaysia in a TV commercial
- Pusat Zakat Selangor (Maybank2u.com)
  - Best Collection Agent Bank (highest percentage of zakat collection via Internet banking)
- Asean Communications Expo & Forum (ACM) 2005 (Maybank2u.com)
  - Best E-Banking Service
- CGC Top SMI Supporter Award
- Asiamoney Award (Aseambankers Malaysia Berhad)
  - Regional Deals of the Year Local Currency
- MasterCard's Asia Pacific Market Leadership Awards (Maybank Singapore)
  - Silver Award - 'Best Youth' Initiative for Xbox® Live Modus MasterCard

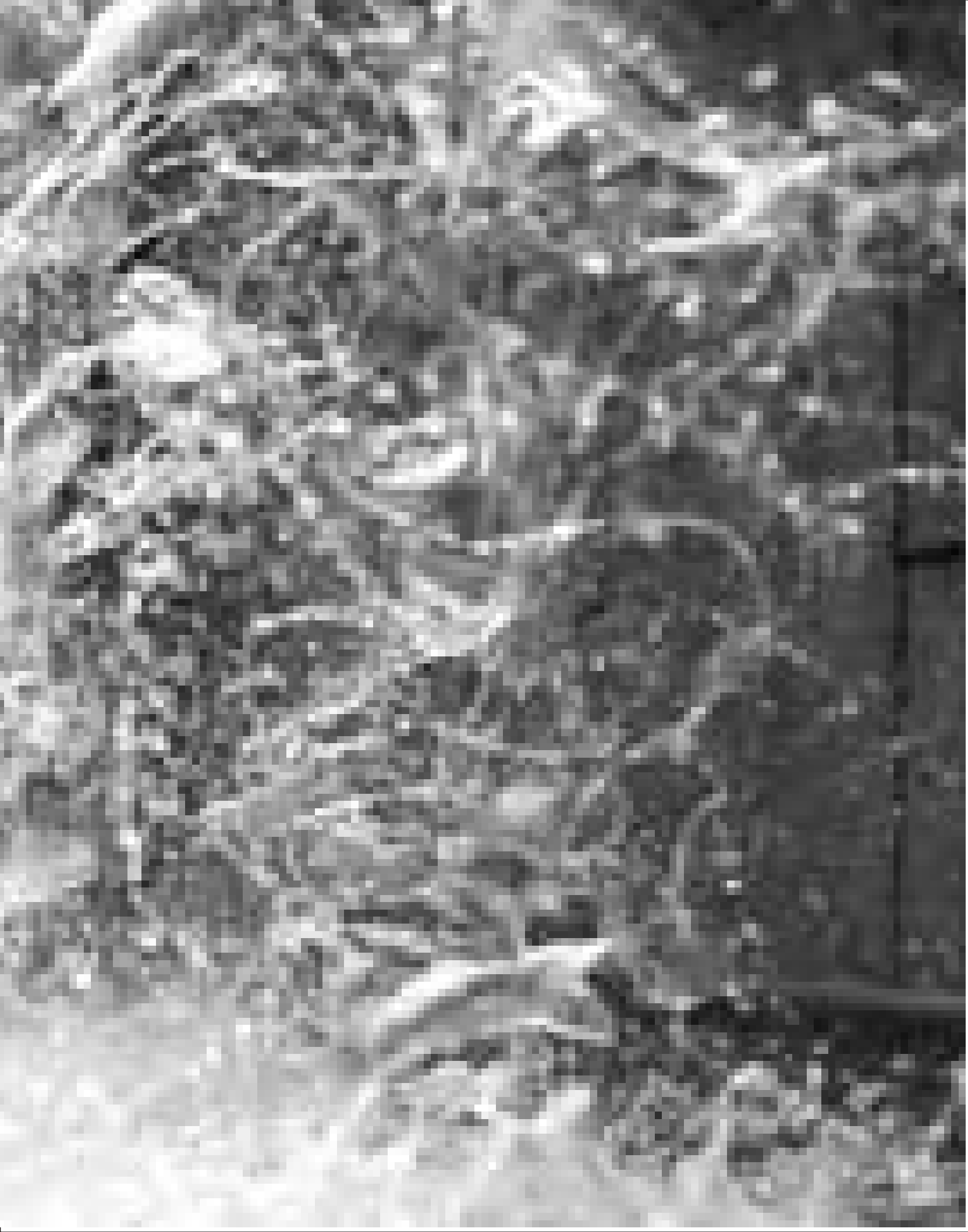
Strong Financial Foundation

Malaysia's Most Valuable Brand

One of Asia's Best Capitalised Banks

Consistent Record of Profitability for Almost 5 Decades





Five-Year Group Financial Summary

Year ended 30 June	2005	2006	2007	2008	2009
OPERATING RESULT (RM Million) *					
Operating profit	3,495	3,997	4,370	4,571	3,064
Profit before taxation	3,494	3,988	4,364	4,086	1,674
Profit/(loss) after taxation and minority interest	2,503	2,772	3,178	2,928	692
Profit after taxation and minority interest before impairment of goodwill/associate	2,503	2,772	3,178	2,928	2,665
KEY BALANCE SHEET DATA (RM Million)*					
Total assets	191,895	224,284	256,667	269,101	310,739
Loans, advances and financing	119,594	131,454	140,865	164,614	185,783
Total liabilities	175,042	206,807	236,799	249,009	284,971
Deposit from customers	131,068	136,278	163,677	187,112	212,599
Commitments and contingencies	109,452	130,383	175,392	204,217	221,587
Paid-up capital	3,721	3,797	3,889	4,881	7,078
Shareholders' equity	16,401	16,869	19,198	19,302	24,899
SHARE INFORMATION *					
Per share (sen)					
Basic earnings ***	60.5	52.1	58.5	53.3	12.0
Diluted earnings ***	60.1	51.9	58.3	53.3	12.0
Gross dividend	102.5	85.0	80.0	52.5	8.0
Net tangible assets (sen)	440.8	444.3	493.6	395.5	351.8
Share price as at 30 June (RM)	10.9	10.7	12.0	7.1	5.9
Market capitalisation (RM Million)	40,559	40,628	46,668	34,411	41,760
FINANCIAL RATIOS (%) *					
Profitability Ratios/Market Share					
Net interest margin on average interest-earning assets	2.9	2.8	2.8	2.7	2.8
Net interest on average risk-weighted assets	3.9	3.8	3.7	3.5	3.4
Net return on average shareholders' funds	16.1	16.7	17.6	15.2	3.1
Net return on average assets	1.3	1.3	1.3	1.1	0.2
Net return on average risk-weighted assets	2.0	2.0	2.0	1.6	0.3

Year ended 30 June	2005	2006	2007	2008	2009
FINANCIAL RATIOS (%) * (CONT'D.)					
Cost income ratio	39.4	39.7	42.8	44.4	52.8
Gross loan to deposit ratio	91.2	96.5	86.1	88.0	87.4
Net non-performing loans ratio (3-month classification)	4.9	3.8	3.0	1.9	1.6
Domestic market share in :					
Loans, advances and financing	20.4	20.3	19.6	18.1	17.8
Deposits from customers - Savings Account	29.1	28.9	30.6	28.0	26.6
Deposits from customers - Current Account	22.4	21.1	21.4	21.5	21.3
CAPITAL ADEQUACY RATIOS (%)					
(after deducting proposed final dividend) **					
Based on credit risk :					
Core capital ratio	10.7	9.8	9.8	11.4	12.6
Risk-weighted capital ratio	14.5	13.6	15.0	14.4	17.3
Based on credit and market risk:					
Core capital ratio	10.7	9.7	9.0	10.1	10.8
Risk-weighted capital ratio	14.5	13.3	13.7	12.7	14.8
VALUATIONS ON SHARE *					
Gross dividend yield (%)	9.4	7.9	6.7	7.4	1.4
Dividend payout ratio (%)	113.3	83.9	71.5	60.4	61.4
Price to earnings multiple (times)****	18.0	20.5	20.5	13.2	49.2

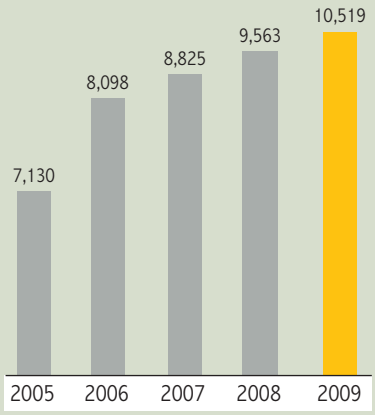
* Comparative figures were reclassified to conform with current year presentation.

** The Bank Negara Malaysia Guidelines on Market Risk Capital Adequacy Framework are effective from 1 April 2005.

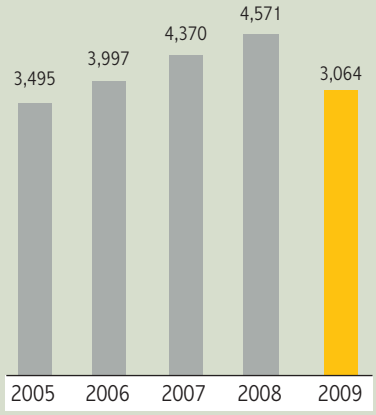
*** Adjusted for rights issue completed on 30 April 2009 and bonus issue of 1:4 completed on 20 February 2008.

**** Price to earnings multiple (times); (2009)12.8 times (before impairment of goodwill/associate).

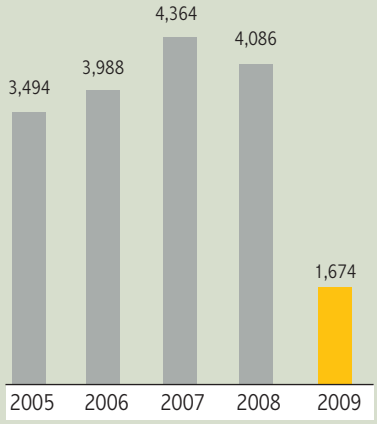
Five-Year Group Growth Summary



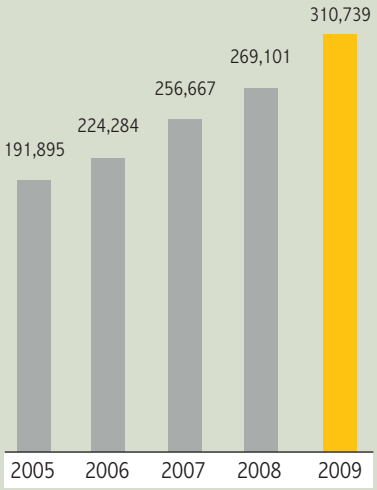
Net Income
RM Million



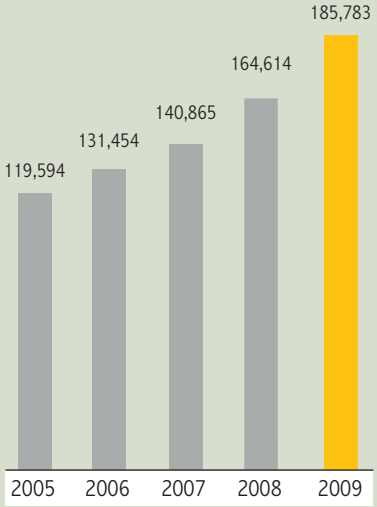
Operating Profit
RM Million



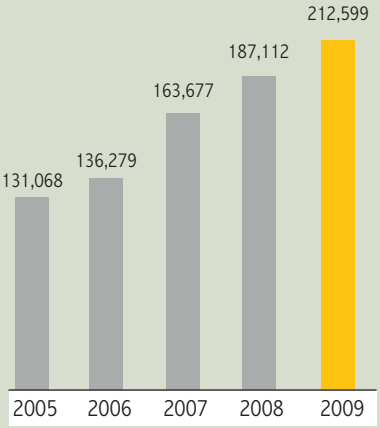
Profit Before Taxation
RM Million



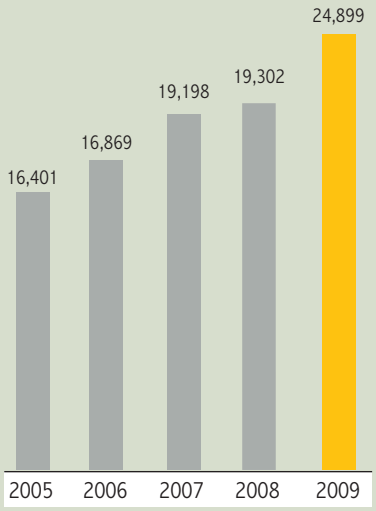
Total Assets
RM Million



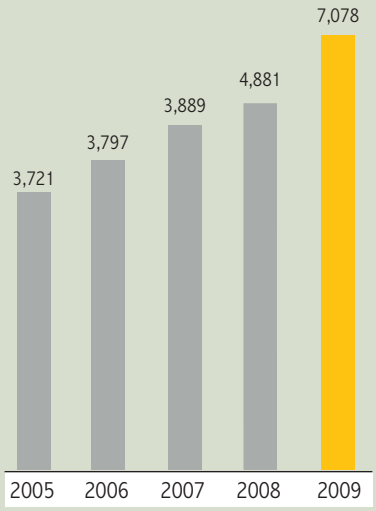
Loans, Advances and Financing
RM Million



Total Deposits
RM Million



Shareholders' Equity
RM Million



Paid-up Capital
RM Million

Group Quarterly Performance

FINANCIAL PERFORMANCE	2008 Q1 RM'million	Q2 RM'million	Q3 RM'million	Q4 RM'million	YEAR RM'million
Operating revenue	3,922.1	4,001.8	3,737.5	4,492.5	16,153.9
Net interest income (including income from Islamic banking business)	1,311.6	1,414.7	1,349.5	1,351.0	5,426.8
Operating profit	1,014.2	1,033.6	1,020.1	1,019.0	4,570.7
Profit before taxation and zakat	1,014.1	1,033.2	1,020.0	1,018.7	4,086.1
Net profit attributable to equity holders of the Bank	735.4	731.0	758.6	703.2	2,928.2
Earnings per share (sen) *	13.4	26.7	40.4	14.4	53.3
Dividend per share (sen)	17.5	15.0	-	20.0	52.5

FINANCIAL PERFORMANCE	2009 Q1 RM'million	Q2 RM'million	Q3 RM'million	Q4 RM'million	YEAR RM'million
Operating revenue	3,752.8	4,709.5	4,265.1	4,858.9	17,586.3
Net interest income (including income from Islamic banking business)	1,265.0	1,547.4	1,543.5	1,563.6	5,919.5
Operating profit	1,100.9	938.0	625.4	(847.6)	3,063.5
Profit before taxation and zakat	881.8	960.3	653.9	(821.7)	1,674.3
Net profit attributable to equity holders of the Bank	572.2	734.6	503.3	(1,118.1)	691.9
Earnings per share (sen) *	10.4	24.0	34.6	(17.6)	12.0
Dividend per share (sen)	-	-	-	8.0	8.0

* Adjusted for rights issue completed on 30 April 2009 and bonus issue of 1:4 completed on 20 February 2008.

Segment Information

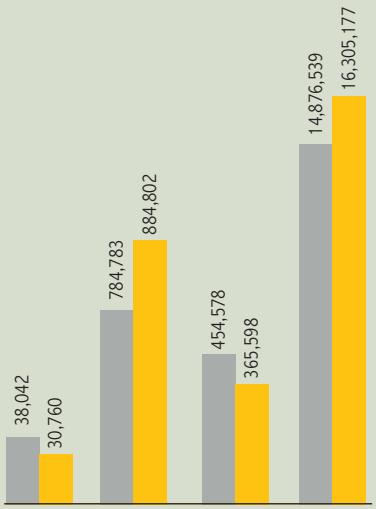
Analysis by Geographical Location

	2008	2009
REVENUE (RM'000)		
Malaysia	12,770,603	12,410,513
Singapore	2,200,485	2,040,245
Indonesia	-	2,150,062
Other Locations	1,182,854	985,517
	16,153,942	17,586,337
PROFIT BEFORE TAXATION (RM'000)		
Malaysia	3,395,162	334,924
Singapore	530,485	591,688
Indonesia	-	(1,508,056)
Other Locations	160,423	2,255,736
	4,086,070	1,674,292
TOTAL ASSETS EMPLOYED (RM'000)		
Malaysia	203,833,176	204,628,221
Singapore	47,059,441	52,127,850
Indonesia	-	24,509,065
Other Locations	18,208,083	29,473,987
	269,100,700	310,739,123

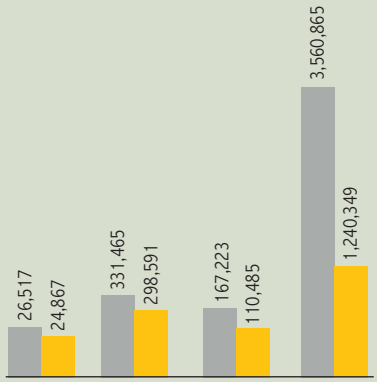
Analysis by Activity

	2008	2009
REVENUE (RM'000)		
Banking and Finance	14,876,539	16,305,177
Investment Banking	454,578	365,598
Insurance and Takaful	784,783	884,802
Others	38,042	30,760
	16,153,942	17,586,337
PROFIT BEFORE TAXATION (RM'000)		
Banking and Finance	3,560,865	1,240,349
Investment Banking	167,223	110,485
Insurance and Takaful	331,465	298,591
Others	26,517	24,867
	4,086,070	1,674,292
TOTAL ASSETS EMPLOYED (RM'000)		
Banking and Finance	242,824,140	284,780,206
Investment Banking	7,003,255	4,836,382
Insurance and Takaful	18,466,466	19,136,497
Others	806,839	1,986,039
	269,100,700	310,739,124

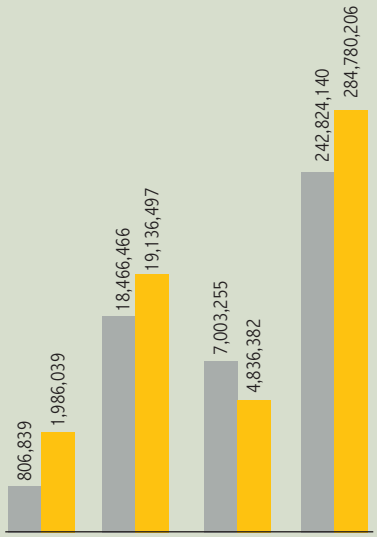
Analysis by Activity



Revenue
RM'000

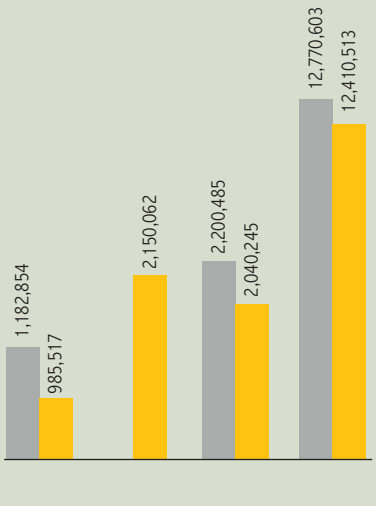


Profit Before Taxation
RM'000

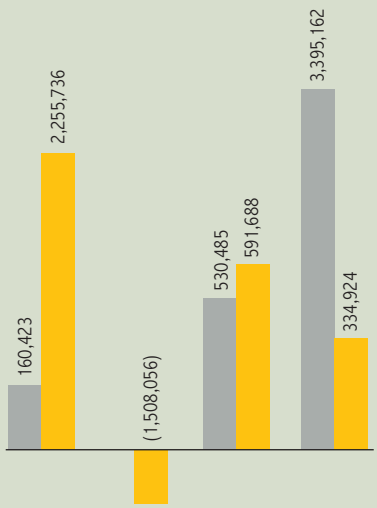


Total Assets Employed
RM'000

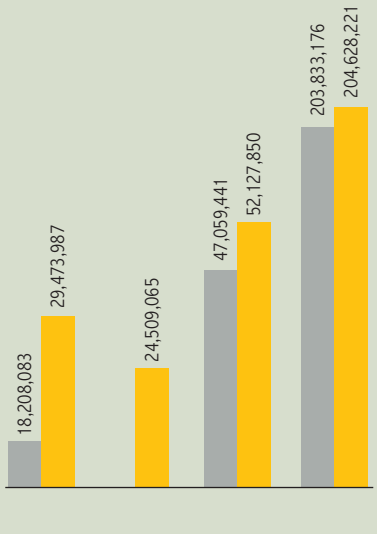
Analysis by Geographical Location



Revenue
RM'000



Profit Before Taxation
RM'000



Total Assets Employed
RM'000

2008 **2009**

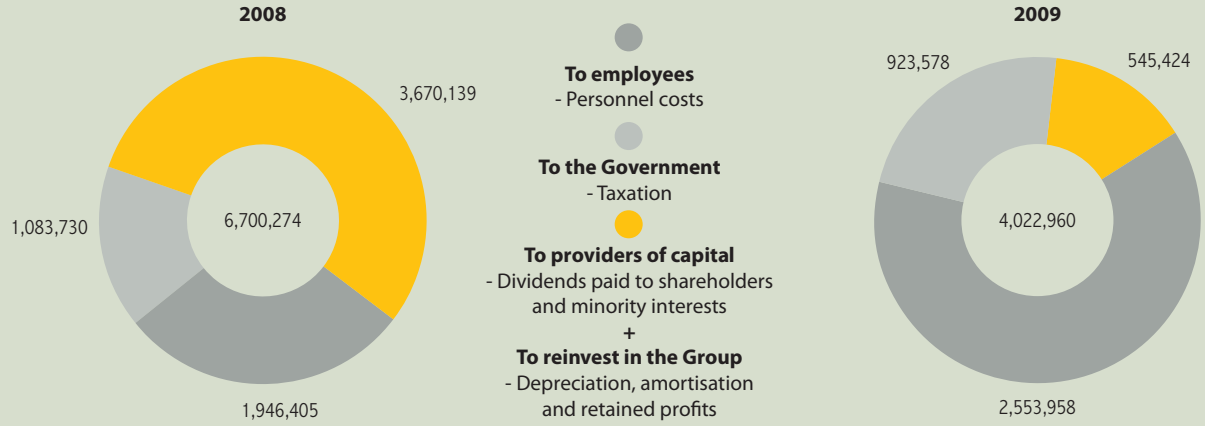
Statement of Value Added

Value Added

	2008 RM'000	2009 RM'000
Net interest income	5,426,789	5,919,506
Net income from Islamic Banking business	964,606	1,224,321
Other operating income	3,171,776	3,375,190
Operating expenses excluding staff costs, depreciation and amortisation	(2,118,229)	(2,726,673)
Allowance for losses on loans, advances and financing	(810,061)	(1,698,814)
Impairment written back/(loss)	66,235	(2,170,074)
Share of results of associated companies	(842)	99,504
Value added available for distribution	**6,700,274**	**4,022,960**

Distribution of Value Added

	2008 RM'000	2009 RM'000
To employees:		
Personnel costs	1,946,405	2,553,958
To the Government:		
Taxation	1,083,730	923,578
To providers of capital:		
Dividends paid to shareholders	2,183,908	722,410
Minority interests	74,138	58,839
To reinvest in the Group:		
Depreciation and amortisation	183,975	278,534
Retained profits	1,228,118	(514,359)
Value added available for distribution	**6,700,274**	**4,022,960**



Management's Discussion & Analysis of Financial Performance

Analysis of Significant Balance Sheet Movements

Total Assets

For the financial year ended 30 June 2009, outstanding assets of the Group expanded by 15.5% or RM41.6 billion while at Bank level, it increased 8.7% or RM19.1 billion. For the previous year, the corresponding growth rates were 4.8% at Group level but a contraction of 3.6% at Bank level. Excluding assets of Bank Internasional Indonesia (BII), the Group's Organic Operations recorded an increase of 9.9% or RM26.6 billion. The bulk of the Group's growth in assets was derived from the expansion of net loans and advances which grew by RM21.2 billion or 12.9% (of which the net loans for BII was RM11.75 billion equivalent) and RM5.6 billion or 4.0% for the Group and the Bank respectively.

As at end June 2009, net loans and advances represented 59.8% of total Group assets, lower than the 61.2% as at end June 2008. The proportion of interest-bearing assets to total assets was still maintained at around 88% for the Group.

Securities Purchased under Resale Agreements

As at end June 2009, the Group held RM346.5 million of securities purchased under resale agreements.

Deposits & Placements with Financial Institutions

The Group's deposits and placements with financial institutions fell by RM2.66 billion to RM6.30 billion or 29.7% due to asset reallocation into better yielding securities portfolio. The Bank remained a net lender in the inter-bank market.

Securities

The investment securities portfolio of the Group increased by RM21.2 billion or 57.9%, mainly contributed by higher holdings of Malaysian Government Securities and Government Investment Issues by RM13.9 billion as well as the consolidation of BII's portfolio totaling RM3.5 billion equivalent. Around 83% of the securities portfolio comprised securities available-for-sale and a further 14.5% as securities held-to-maturity.

Life, General Takaful & Family Takaful Fund Assets

After a growth of RM652.1 million or 4.3% in the previous year, this balance sheet item grew by a further 7% to RM16.8 billion backed by 13% growth in combined gross premium/contribution.

Loans, Advances & Financing

During the first half of the financial year, the Group's net loans and financing rose by 10.8% due to consolidation of BII. With growth of 1.8% in the second half, the Group's net loans and financing for FY2009 expanded by 12.9% or RM21.2 billion compared with 17% or RM23.9 billion in the previous financial year. The Group's gross loans growth rose 13.0% compared with 16.1% previously. The Group's overall domestic loans market share stood at 17.8%.

The domestic operations recorded an increase of 6.5% from 12.1% in the previous year as business loans grew at a slower 5.0% pace compared to 15.3% the previous year. Lending to the domestic SME sector decreased 27.0% to RM20.7 billion from 28.4% growth previously as exports suffered a downturn in the face of a global recession. However, corporate loans grew 30.5% compared to 11.2% the previous year due to large companies and institutions seeking loans as borrowing from the debt capital market became prohibitive amid the global financial turmoil.

Despite slower economic growth and poorer consumer sentiment, the consumer portfolio remained stable with an 8.3% growth compared to 8.8% the previous year due to continued good domestic demand for auto financing and credit cards. Financing for the purchase of securities also rose to RM11.4 billion or a growth of 10.6% compared to 10.7% the previous year, with the bulk of the increase related to the purchase of relatively low risk Amanah Saham Bumiputera units.

The mortgage loan portfolio stood at RM31.1 billion and remains the core retail lending business activity, accounting for 49.6% of retail loans outstanding and having a market share of 13.9%. Overall mortgage loans for the domestic operations registered a slightly higher growth of around 3% as compared to 2% in the previous year. Maybank continues to focus on growing its mortgage loan portfolio with new customer acquisition strategies, financing of higher end property through new high-end project developments

and introducing mobile consultants as a new channel to acquire new customers as well as proactively retaining existing customers.

Single minded focus on product innovation, loyalty programmes and strategic sales and marketing initiatives have resulted in a 12.3% growth in card receivables for the financial year, outperforming the industry's growth of 7.5%. Acquisition of major accounts opened up greater potential for growth in business-to-business expense management. Corporate card customer base has a market share of 14.6%.

Automobile financing for domestic operations recorded a significant growth of 11% compared to 10.7% in the previous financial year, outperforming the industry's growth of 4.6%. Maybank continues to be recognised as the fastest growing brand in the automobile financing sector and currently gaining ground from its No. 3 position. With growth rate significantly exceeding the industry, the market share for financing of motor vehicles rose to 16.5% from 15.7% in June 2008.

As at June 2009, the overseas operations loan book accounted for 32.8% of the Group's loan base from 28.7% in the previous year. The gross loans book for Singapore recorded a growth of 6.2% or RM2.3 billion after registering an exceptional growth of 31.9% in 2008. The other overseas locations in total grew 99.4% due to the consolidation of BII which added RM12.2 billion to the loans book.

The Group's Islamic gross financing grew by 20.6% or RM4.5 billion during the year. Islamic banking constitutes a growing portion of the Group's banking business, accounting for 13.7% of gross loans and financing.

Sustained efforts implemented to continuously improve asset quality have borne results. The Group's gross NPL default rate declined to 3.5% from 3.7% the previous year. The Group's net NPLs declined by RM0.3 billion to RM2.9 billion as at June 2009. Accordingly, the net NPL ratio went down further to 1.64% from 1.92% in June 2008. The Group's NPL reserve cover (net of IIS) rose to a healthy 112.9% compared to 99.2% the previous year.

Total Liabilities

Outstanding liabilities of the Group grew by 14.4% or RM36.0 billion with RM17.1 billion contributed by the consolidation of BII while outstanding liabilities for the Bank grew by RM13.8 billion or 6.8%. For the Group, the bulk of overall increase was attributed to deposits from customers as well as subordinated obligations and capital securities.

Deposits from Customers

The Group's customer deposits expanded by 13.6% or RM25.5 billion while at the Bank level it grew by RM7.1 billion or 4.6%. This coupled with the added convenience of the largest branch and self-service terminal network with 24/7 access to Internet banking, helped to sustain Maybank's strength in the deposit market. The Group's strong franchise contributed to the high growth of 15.8% for demand deposits and 19.9% for savings deposits. The Bank's pricing capacity was enhanced by its strong market share in both demand and savings deposits which stood at 20.4% and 26.6% respectively. Fixed deposit, grew by 12.3% as compared to 1.2% in the previous year.

The Group's overall deposit funding mix improved slightly as the Group's 'higher cost' fixed deposits and Negotiable Instruments of Deposits (NID) declined to 55.8% of total deposits from 56.5% in June 2008.

Deposits & Placements of Financial Institutions

This item rose by RM5.6 billion or 24.4% due to the increase in interbank funding activities.

Obligations on Securities Sold under Repurchase Agreements (Repos)

The Group no longer holds any obligations on securities sold under repurchase agreements (Repos).

Recourse Obligations on Loans Sold to Cagamas

For the Group, this item saw a further decline of RM0.8 billion or 59.5% and was part of the Group's routine funding strategy.

Shareholders' Equity

The Group's shareholders' equity rose by RM5.6 billion or 29% to RM24.9 billion. The increase was mainly due to proceeds from the rights issue concluded in April 2009.

Analysis of Income Statement

Net Interest Income

Net interest income of the Group (before fund based income earned from Islamic banking) increased by RM492.7 million or 9.1%, reflecting the 15.1% rise in the average volume of interest-earning assets. However, the average net interest margin was relatively stable 2.72% despite the reduction of three Overnight Policy Rate which resulted in lending rates declining a bit more than that for customer deposits and the highly competitive pricing in the consumer lending market.

Islamic Banking

Net income from the Group's Islamic Banking operations increased by RM259.7 million or 26.9% to RM1.2 billion. The increase was mainly due to the higher net income from investment of Islamic Banking funds.

Non-Interest Income

The Group's focus on fee income as a strategy to drive revenue growth continues to bear results. Overall non-interest income for the Group (including marked to market gain/loss on derivatives and securities held for trading) grew by RM203.4 million or 6.4% compared to that of the previous corresponding financial year. In the year under review the higher non-interest income was contributed by higher fee income and net premium written. However this was offset by a lower foreign exchange profit of RM437.1 million compared to a profit of RM623.2 million in the corresponding financial year (which included a non-recurring gain of RM193.4 million related to the Group's long-term funding activities).

Overhead Expenses

The Group's overhead expenses increased by RM1.3 billion or 30.8% over that of the corresponding year as a result of consolidation of BII's overhead cost. The Group's cost to income ratio stood at 52.8% from 44.4% previously. Personal costs increased by RM607.6 million or 31.2% partly due to incorporation of BII's personnel costs and finalisation of salary revisions, including adjustments for previous quarters, for officers and clericals under the respective collective agreements concluded during the period. Establishment costs increased by RM292 million as a result of higher information technology expenses and rental premises. On a comparable basis, the Group's adjusted cost to income ratio (without insurance claims and unrealised loss) would be 49.1% against 40.7% for the previous financial year.

Loan & Financing Loss and Provisions

Loan loss and provisions of the Group amounted to RM1,699 million which is RM888.8 million or 109.7% higher than that of the previous year. This increase resulted primarily from the consolidation of BII, increase in specific provisions, and lower recoveries.

Impairment loss

The Group has completed the Purchase Price Allocation in accordance with FRS3-Business Combination and FRS138-Intangible Assets and an assesment of impairment was conducted in accordance with FRS136-Impairment of Assets for all its recent acquisitions, namely BII, MCB Bank and ABBank. The recoverable amount of each of these acquisitions is computed based on the Value-in-Use method, which applies a discounted cash flow model using Free Cash Flow to Equity (FCFE) projections prepared and approved by Management, covering a10-year period with certain compounded annual growth rates derived from historical data and the economic outlook of the country which the subsidiaries or associates operate in.

The discount rates used were 16.5%, 21.5% and 17.0% respectively for BII, MCB Bank and ABBank. The Group used terminal growth rate and period of FCFE of 6% and 10 years respectively. The FCFE cumulative annual growth rate assumed were 21%, 18% and 22% respectively for BII, MCB Bank and ABBank.

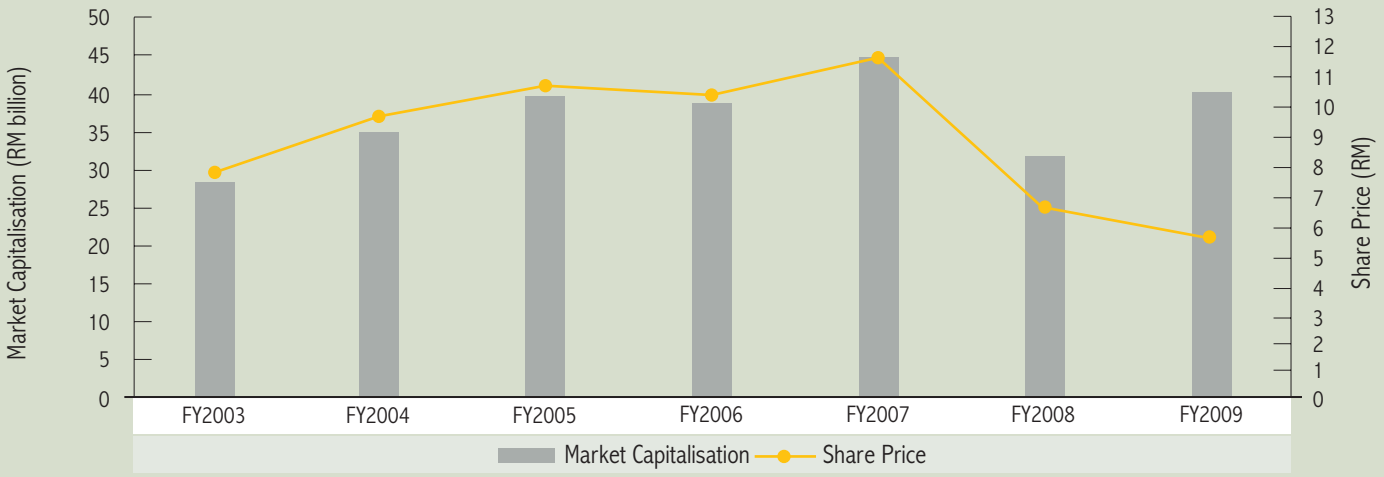
The Group had made an impairment charge of RM1,619.5 million on goodwill arising from BII's banking business operations and impairment loss of RM353.1 million for the investment in MCB Bank. There was no evidence of impairment on the investment in ABBank for the financial year ended 30 June 2009.

Taxation

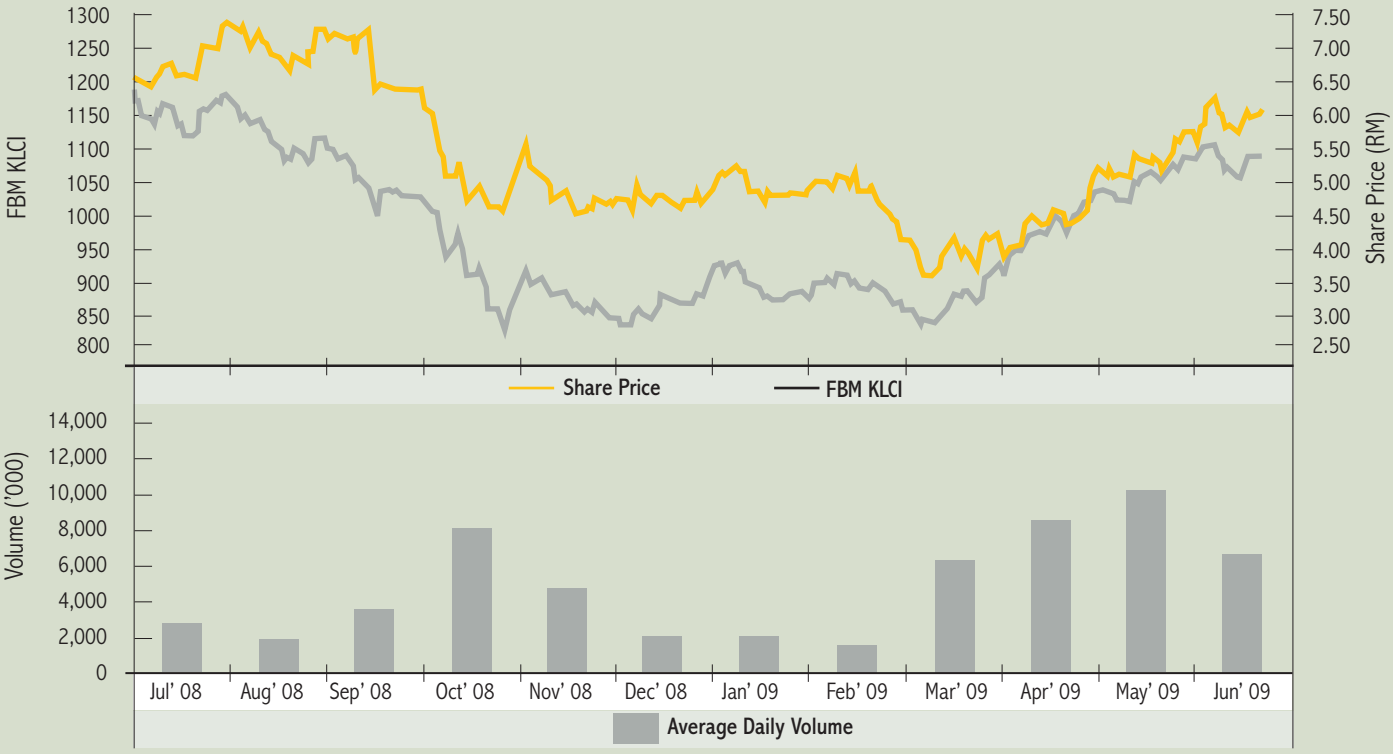
The effective tax rate of the Group is at 55.1% due to the non-deductibility of impairment charges amounting to RM1.97 billion and is higher than the statutory rate of 25%.

Share Price Movement

Historical Share Price & Market Capitalisation



Share Price vs FBM KLCI



Share Price Performance

Maybank Share Price Performance in FY2009

In FY2009, Maybank's share price experienced high volatility in tandem with the market which gyrated amidst the tumultuous events of a global financial crisis and a worldwide recession of unprecedented proportions.

Nevertheless, Maybank outperformed the FBM KLCI Index for the financial year, declining 6.8% against a loss of 9.4% on the benchmark index, and a 26.6% decrease in the previous financial year. In comparison, the KL Finance Index declined 2.2% as banks demonstrated better-than-expected resilience in the face of an economic slowdown, with margins and asset quality not significantly impacted.

From RM6.33 (price adjusted for the 9 for 20 rights issue) at the end of June 2008, Maybank's share price tracked the general market trend but the uncertainties over the completion of the acquisition of BII added to the share price volatility. Maybank traded between a high of RM7.14 at the end of July 2008 upon the revocation of the approval by Bank Negara for the acquisition of BII, to a low of RM3.57 on 16 March 2009 subsequent to the announcement of the rights issue. Though Maybank's share price had fallen 44% by then compared to the FBM KLCI's 29% decline, the ensuing good response to the rights issue, evident by the 128% oversubscription rate, rewarded investors who persevered with a 53% gain as Maybank closed at RM5.90 on 30 June 2009 compared to the FBM KLCI's 28% increase.

Stock Market Performance in FY2009

The equity market decline that began in January 2008 continued though mid-2008 and bottomed in October 2008, in line with regional and global markets. In the beginning of FY2009, July 2008 to September 2008, saw some of the most perilous moments of financial history – the rescue of AIG by the US government and collapse of Lehman brothers. In the following period of uncertainly and pessimism, the KLCI traded in a 100-point range between 829 and 927 between October 2008 and March 2009.

Accommodative fiscal and monetary policy measures undertaken by the governments around the world in reaction to these events, and its effects has in part resulted in a recovery in equity markets, including the domestic market. Bursa's initial optimism over the leadership change to Prime Minister YAB Dato' Sri Mohd Najib Tun Haji Abdul Razak in early April 2009 also proved prescient. Within a month, YAB Dato' Seri Mohd Najib introduced new ownership rule changes to 27 sub-sectors of the services industry. Financial sector liberalisation followed in the form of seven new licenses for international banks, Islamic banks and takaful insurance.

Investor risk appetite rose from March 2009, benefiting equities, and lifting the domestic and global markets. Emerging markets, especially the larger BRIC (Brazil, Russia, India and China) markets, benefited disproportionately relative to developed markets, with the view forming that the economies of Asian emerging markets were much less affected by the global financial crisis, and was responding more readily to the prescription of aggressive fiscal and loose monetary policies. The KLCI ended FY2009 at 1075, up 28.3% from its March 2009 low, but 8.5% lower than its starting point at the beginning of FY2009.

Outlook

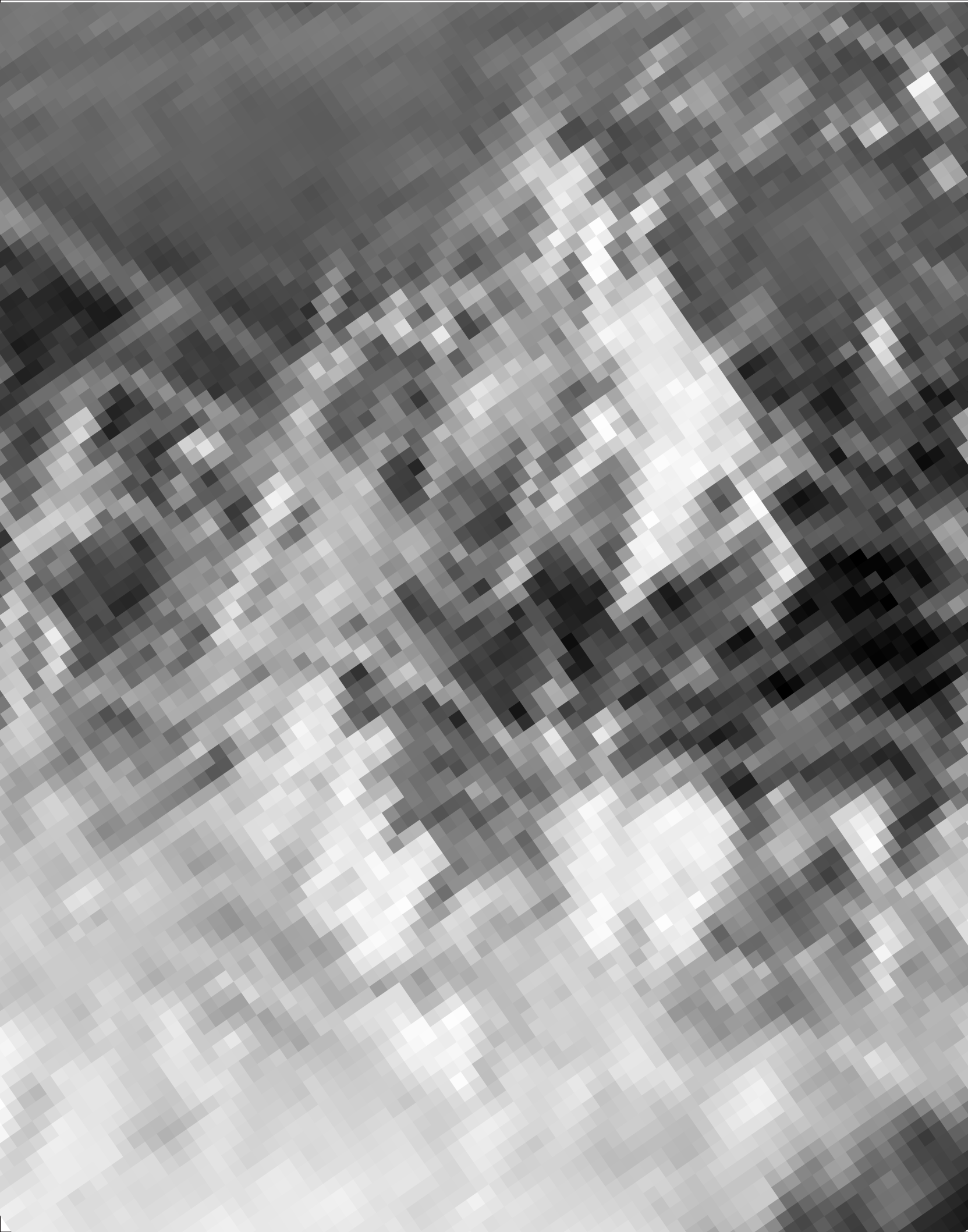
The loose monetary policies are expected to continue for over a year, aiding economic recovery and boosting asset values. The fiscal stimulus packages announced by the Malaysian Government in late 2008 and in 2009 will also reinforce economic recovery activities. Domestic factors, such as a capital markets friendly leadership and ample financial resources in the hands of unit trust companies should keep the domestic equity market active.

Defining Leadership

Guided by Integrity

Strategic in Thinking &
Performance-Driven

Governed by Strong Commitment
to All Stakeholders



Board of Directors

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1. Tan Sri Mohamed Basir Ahmad
2. Dato' Sri Abdul Wahid Omar
3. Datuk Syed Tamim Ansari Syed Mohamed
4. Spencer Lee Tien Chye
5. Tan Sri Datuk Dr Hadenan A. Jalil
6. Dato' Seri Ismail Shahudin
7. Dato' Dr Tan Tat Wai
8. Zainal Abidin Jamal
9. Alister Maitland
10. Cheah Teik Seng
11. Dato' Johan Ariffin
12. Sreesanthan Eliathamby
13. Mohd Nazlan Mohd Ghazali *(General Counsel & Company Secretary)*

Profile of Directors

Tan Sri Mohamed Basir Ahmad

71 years of age – Malaysian
BA, AMP (Harvard), D Com Sc
Non-Independent Non-Executive Director (Chairman)

Tan Sri Mohamed Basir Ahmad was appointed as a Director of Maybank on 5 August 1993 and later became Chairman of Maybank on 9 October 1993. He also serves as Chairman of the Credit Review Committee of the Board.

He joined Bank Negara Malaysia in 1965 and had served the Central Bank in various capacities before retiring in 1993 as Advisor. He has been a Fellow member of the Malaysian Institute of Bankers since 1980.

He is also the Chairman of several companies in the Maybank Group including Mayban Fortis Holdings Berhad, Maybank Investment Bank Berhad (formerly known as Aseambankers Malaysia Berhad), MNI Holdings Berhad, Maybank Philippines Incorporated, PhileoAllied Securities (Philippines) Incorporated and PT Bank Internasional Indonesia Tbk.

He attended 23 of the 24 Board Meetings which were held in the financial year ended 30 June 2009.

Tan Sri Mohamed Basir has no family relationship with any director and is a nominee of Permodalan Nasional Berhad, a major shareholder of Maybank. He has no conflict of interest with Maybank and has never been charged for any offence.

Dato' Sri Abdul Wahid Omar

45 years of age – Malaysian
Fellow of the Association of Chartered Certified Accountants (UK);
Member of the Malaysian Institute of Accountants
Non-Independent Executive Director

Dato' Sri Abdul Wahid Omar was appointed as the President & CEO and Executive Director of Maybank on 1 May 2008. He serves as Chairman of the Group Management and Group Management Credit Committees, and as a member of the Credit Review Committee of the Board.

Prior to joining the Maybank Group, he was the Group CEO of Telekom Malaysia Berhad since 1 July 2004. He was formerly the Managing Director/Chief Executive Officer of the then UEM Group Berhad and UEM World Berhad as well as the Executive Vice Chairman of PLUS Expressways Berhad. Prior to his stint at UEM Group, Dato' Sri Abdul Wahid served Telekom Malaysia Berhad as the Chief Financial Officer in 2001. He previously served as a Director of Group Corporate Services cum Divisional Director, Capital Market & Securities of Amanah Capital Partners Berhad, Chairman of Amanah Short Deposits Berhad as well as a Director of Amanah Merchant Bank Berhad and several other companies in the financial services sector.

He is also a Director of a number of Maybank Group companies including Mayban Fortis Holdings Berhad, Maybank Investment Bank Berhad (formerly known as Aseambankers Malaysia Berhad) and PT Bank Internasional Indonesia Tbk. His directorships in other companies include as Chairman of Malaysia Electronic Payment System (1997) Sdn Bhd and as Director of Bursa Malaysia Berhad, Perbadanan Usahawan Nasional Berhad and Cagamas Holdings Berhad.

He is also the Chairman of the Association of Banks in Malaysia, Council Member of the Institute of Bankers Malaysia as well as a Director of the Asian Pacific Bankers Club. In addition, he is also a member of the Financial Reporting Foundation of Malaysia, Mastercard Asia/Pacific Regional Advisory Board as well as the Investment Panels of Lembaga Tabung Haji and Kumpulan Wang Persaraan (KWAP).

He attended all of the 24 Board Meetings which were held during the financial year ended 30 June 2009.

Dato' Sri Abdul Wahid Omar has no family relationship with any director and/or major shareholder of Maybank. He has no conflict of interest with Maybank and has never been charged for any offence.

Profile of Directors

Datuk Syed Tamim Ansari Syed Mohamed

61 years of age – Malaysian
Bachelor of Economics (Hons), Master of Business Administration, AMP (Harvard)
Independent Non-Executive Director

Datuk Syed Tamim Ansari Syed Mohamed was appointed as a Director of Maybank on 11 October 2007. He serves as Chairman of the Risk Management Committee and as a member of the Audit, Nomination and Employee Share Option Scheme Committees of the Board.

He was the Divisional Director of Sime Darby Berhad's Plantations Division as well as the Managing Director of Consolidated Plantations Berhad from 1999 to 2006. He was subsequently appointed as Divisional Director, Special Projects (Northern Corridor Economic Region) before retiring in July 2007.

His current directorships in companies in the Maybank Group include Mayban Fortis Holdings Berhad, MNI Holdings Berhad as well as Chairman of Etiqa Life International (L) Ltd, Etiqa Offshore Insurance (L) Ltd, Etiqa Insurance Berhad, Etiqa Takaful Berhad, Mayban Life Assurance Berhad and Sri MGAB Berhad (formerly known as Mayban General Assurance Berhad).

He attended all of the 24 Board Meetings which were held during the financial year ended 30 June 2009.

Datuk Syed Tamim Ansari Syed Mohamed has no family relationship with any director and/or major shareholder of Maybank. He has no conflict of interest with Maybank and has never been charged for any offence.

Spencer Lee Tien Chye

58 years of age – Malaysian
Fellow of the Association of Chartered Certified Accountants (UK);
Member of the Malaysian Institute of Accountants and Malaysian Association of Certified Public Accountants
Non-Independent Non-Executive Director

Spencer Lee Tien Chye was appointed as a Director of Maybank on 1 December 2008. He serves as a member of the Audit, Credit Review and Risk Management Committees of the Board.

He joined the Maybank Group in 1975 and served the Group in various capacities and positions including Senior Executive Vice President and Head of International Business and Senior Executive Vice President and Head of Consumer Banking and Country Head for Maybank Singapore before retiring as Advisor, Maybank in November 2008.

His current directorships in companies in the Maybank Group include Mayban International (L) Ltd, Mayban International Trust (L) Ltd, Maybank (PNG) Limited, Maybank Philippines Incorporated and PT Bank Internasional Indonesia Tbk. He is also a member of the Supervisory Committee of An Binh Bank (Vietnam).

He attended all of the 11 Board Meetings which were held during the financial year ended 30 June 2009 since his appointment.

Spencer Lee Tien Chye has no family relationship with any director and/or major shareholder of Maybank. He has no conflict of interest with Maybank and has never been charged for any offence.

Profile of Directors

Tan Sri Datuk Dr Hadenan A. Jalil

63 years of age – Malaysian
PhD, Henley Management College, UK; Master of Business Management, Asian Institute of Management, Philippines; Bachelor of Economics, University of Malaya
Independent Non-Executive Director

Tan Sri Datuk Dr Hadenan A. Jalil was appointed as a Director of Maybank on 15 July 2009. He serves as Chairman of the Audit Committee and as a member of the Credit Review, Nomination, Remuneration and Establishment, and Employee Share Option Scheme Committees of the Board.

Tan Sri Datuk Dr Hadenan A. Jalil was Auditor General from 2000 to 2006. He served with the Government for 36 years in various capacities in the Treasury, the Ministry of International Trade and Industry, and Ministry of Works, prior to his appointment as Auditor General. He is currently Chairman of ICB Islamic Bank Ltd (Bangladesh) and PNB Commercial Sdn Bhd. He is also Chairman of the Operations Review Panel of the Malaysian Anti-Corruption Commission. He is also Director of Unilever (Malaysia) Holdings Sdn Bhd and member of Audit Committee, Johor Corporation.

He has not attended any Board Meetings which were held in the financial year ended 30 June 2009 since his appointment date was after the financial year under review.

Tan Sri Datuk Dr Hadenan has no family relationship with any director and/or major shareholder of Maybank. He has no conflict of interest with Maybank and has never been charged for any offence.

Dato' Seri Ismail Shahudin

58 years of age – Malaysian
SPMP
Bachelor of Economics, University of Malaya
Independent Non-Executive Director

Dato' Seri Ismail Shahudin was appointed as a Director of Maybank on 15 July 2009. He serves as a member of the Audit, Credit Review, Nomination, Remuneration and Establishment and Employee Share Option Scheme Committees of the Board.

He was Chairman of Bank Muamalat Malaysia Berhad from 2004 until his retirement in July 2008. He has held senior positions in Citibank, serving both in Malaysia and New York, United Asian Bank and Maybank where he was appointed Executive Director in 1997. He left Maybank in 2002 to assume the position of Group Chief Executive Officer of MMC Corporation Berhad prior to his appointment to the Board of Bank Muamalat Malaysia Berhad. He currently sits on the boards of UEM Group Berhad, PLUS Expressways Berhad, Mutiara Goodyear Development Berhad, SMPC Corporation Berhad, EP Manufacturing Berhad, Aseana Properties Limited, a company listed on the London Stock Exchange and several other private limited companies.

He has not attended any Board Meetings which were held in the financial year ended 30 June 2009 since his appointment date was after the financial year under review.

Dato' Seri Ismail Shahudin has no family relationship with any director and/or major shareholder of Maybank. He has no conflict of interest with Maybank and has never been charged for any offence.

Profile of Directors

Dato' Dr Tan Tat Wai

62 years of age – Malaysian
PhD DMPN
PhD in Economics, Harvard University, USA; Master of Economics, University of Wisconsin (Madison), USA; Bachelor of Science in Electrical Engineering & Economics, Massachusetts Institute of Technology, USA
Independent Non-Executive Director

Dato' Dr Tan Tat Wai was appointed as a Director of Maybank on 15 July 2009. He serves as a member of the Risk Management Committee of the Board.

He started his career with Bank Negara Malaysia in 1978, undertaking research in economic policies and subsequently as consultant to Bank Negara Malaysia, World Bank and United Nations University for several years. He served as the Secretary and a member on the Council of Malaysian Invisible Trade, set up to formulate policies to reduce Malaysia's deficit in service trade. He was a member of the Government-appointed Malaysian Business Council and a member of the Corporate Malaysia Roundtable. He was a member of the Penang Industrial Council, Industrial Co-ordination Council (ICC) and the National Committee on Business Competitiveness (NCBC) set up by the Ministry of International Trade and Industry.

He is currently the Group Managing Director of Southern Steel Berhad, a post he has held since December 1993. He also sits on the boards of Shangri-La Hotels (M) Bhd, Titan Chemicals Corp Bhd and Natsteel Ltd, a plc in Singapore. He represents Malaysia as a member of the APEC Business Advisory Council (ABAC) and sits on the Council of Wawasan Open University.

He has not attended any Board Meetings which were held in the financial year ended 30 June 2009 since his appointment date was after the financial year under review.

Dato' Dr Tan has no family relationship with any director and/or major shareholder of Maybank. He has no conflict of interest with Maybank and has never been charged for any offence.

Zainal Abidin Jamal

55 years of age – Malaysian
LLB (Honours), University of Singapore
Non-Independent Non-Executive Director

Zainal Abidin Jamal was appointed as a Director of Maybank on 22 July 2009. He serves as a member of the Audit, Credit Review, Nomination, Remuneration and Establishment and Employee Share Option Scheme Committees of the Board.

He is a practising corporate and commercial lawyer and established his firm Zainal Abidin & Co in 1987, where he is the Founder and Senior Partner. He was enrolled as an Advocate & Solicitor of the High Court of Malaya in 1986. Between 1983 and 1986, he served as the Company Secretary of Harrisons Malaysian Plantations Berhad. Previously, he had also practised in Singapore and served as a First Class Magistrate in Brunei Darussalam.

He is currently a Director of Konsortium Transnasional Berhad, Park May Berhad, Lam Soon (M) Berhad and Kesas Holdings Berhad.

He has not attended any Board Meetings which were held in the financial year ended 30 June 2009 since his appointment date was after the financial year under review.

Zainal Abidin has no family relationship with any director and is a nominee of Permodalan Nasional Berhad, a major shareholder of Maybank. He has no conflict of interest with Maybank and has never been charged for any offence.

Profile of Directors

Alister Maitland

68 years of age – Australian
Degree in Commerce, Victoria University, NZ;
AMP Graduate, Harvard Business School, USA
Independent Non-Executive Director

Alister Maitland was appointed as a Director of Maybank on 26 August 2009.

In his career spanning 35 years in Australia, New Zealand and the UK, Alister Maitland held many key roles within the ANZ Banking Group Ltd including that of Chief Economist and Managing Director of ANZ New Zealand. In his last six years with the ANZ Group, he served on the main board of ANZ Bank as Executive Director International, directly responsible for ANZ Group's operations in 42 countries. He is currently Chairman of Folkestone Ltd. Alister Maitland also sits on the board of directors of Lihir Gold Ltd and was previously Chairman of Eastern Health, a Victorian government organisation.

He has not attended any Board Meetings which were held in the financial year ended 30 June 2009 since his appointment was after the financial year under review.

Alister Maitland has no family relationship with any director and/or major shareholder of Maybank. He has no conflict of interest with Maybank and has never been charged for any offence.

Cheah Teik Seng

55 years of age – Malaysian
Bachelor of Science, University of Manchester, UK
Fellow of the Institute of Chartered Accountants in England and Wales
Independent Non-Executive Director

Cheah Teik Seng was appointed as a Director of Maybank on 26 August 2009.

As a federal government Public Services Department scholarship holder, he served in the civil service in the early '80s. Since leaving government service, he served in various capacities in the banking and financial services industry both locally in Malaysia as well as in London, Hong Kong and Singapore. He held positions in Public Bank, Chase Manhattan Bank, Merrill Lynch, Goldman Sachs, UBS and in BNP Paribas holding the position of Managing Director for a tenure of 9 years.

He was appointed as CEO-designate of ECM Libra Avenue Group in 2006. He is currently a Director and Partner of Aktis Capital Singapore Pte Ltd. Cheah sits on the boards of various private equity companies in Hong Kong, China and Malaysia. He is also an Independent Non-Executive Director of two hedge funds.

He has not attended any Board Meetings which were held in the financial year ended 30 June 2009 since his appointment was after the financial year under review.

Cheah Teik Seng has no family relationship with any director and/or major shareholder of Maybank. He has no conflict of interest with Maybank and has never been charged for any offence.

Profile of Directors

Dato' Johan Ariffin

50 years of age – Malaysian
DPTJ
B.A. Economics, Indiana University, USA;
MBA, University of Miami, USA
Independent Non-Executive Director

Dato' Johan Ariffin was appointed a Director of Maybank on 26 August 2009. He serves as a member of the Credit Review and Risk Management Committees of the Board.

He started his career in the real estate division of Citibank. Thereafter, he held various senior positions in several public listed companies as well as venturing into his own successful marketing and advertising consultancy and property development business. He then headed Danaharta's Property Division as Senior General Manager before moving on to head TTDI Development Sdn Bhd up to January 2009.

He is currently the Chairman of Mitraland Properties Sdn Bhd and a National Council Member of the Real Estate Housing Developers' Association Malaysia (REHDA), besides serving on the boards of several other companies.

He has not attended any Board Meetings which were held in the financial year ended 30 June 2009 since his appointment was after the financial year under review.

Dato' Johan Ariffin has no family relationship with any director and/or major shareholder of Maybank. He has no conflict of interest with Maybank and has never been charged for any offence.

Mohd Nazlan Mohd Ghazali

General Counsel & Company Secretary
Head of Corporate & Legal Services, Maybank

Sreesanthan Eliathamby

48 years of age – Malaysian
LLB (Hons) University of Malaya;
BCL (Postgraduate degree in Law), University of Oxford, UK
Non-Independent Non-Executive Director

Sreesanthan Eliathamby was appointed a Director of Maybank on 26 August 2009. He serves as a member of the Risk Management Committee of the Board.

He is an Advocate & Solicitor and a Partner with the legal firm of Messrs Kadir, Andri & Partners. He was formerly a Legal Assistant and later a Partner with the legal firm of Messrs Zain & Co.

Sreesanthan Eliathamby is a member of the Investment Committee of Amanah Saham Wawasan 2020 Fund, Bursa Malaysia Listing Committee and the Investigating Tribunal Panel of the Advocates and Solicitors' Disciplinary Board. He currently sits on the Boards of Chemical Company of Malaysia Berhad, Scomi Group Berhad and Guinness Anchor Berhad.

He has not attended any Board Meetings which were held in the financial year ended 30 June 2009 since his appointment was after the financial year under review.

Sreesanthan Eliathamby has no family relationship with any director and is a nominee of Permodalan Nasional Berhad, a major shareholder of Maybank. He has no conflict of interest with Maybank and has never been charged for any offence.

Mohd Nazlan is the General Counsel & Company Secretary of Maybank, and is also its Head of Corporate & Legal Services. He graduated with a Bachelor of Arts in Jurisprudence as well as Master of Arts, both from the University of Oxford. He is also a Barrister at Law (Lincoln's Inn) and an Advocate & Solicitor of the High Court of Malaya.

He was a Partner and Head of Equity Capital Markets at Zaid Ibrahim & Co, specialising mainly on corporate, financial services and securities law matters, particularly in respect of corporate transactions such as capital raisings and M&As before joining Maybank in 2005. Prior to that, he was with the Securities Commission of Malaysia (SC) for about 7 years until 2000 and his last position was the General Manager of the Enforcement Division, with overall responsibility over the investigation, prosecution and complaints departments. He had also earlier served the Executive Chairman's Office and the Issues & Investment Division whilst at the SC. Mohd Nazlan started his working career in 1991 at Messrs Shook Lin & Bok, handling corporate, conveyancing and banking law matters.

Mohd Nazlan is also a Board member of Mayban Trustees Berhad.

Group Management Committee

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1. Dato' Sri Abdul Wahid Omar
2. Khairussaleh Ramli
3. Datuk Johar Che Mat
4. Lim Hong Tat
5. Rozidin Masari
6. Tracy Ong
7. Mohammed Rashdan Mohd Yusof
8. Dato' Aminuddin Md Desa

9

10

11

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Ridha Wirakusumah
President Director
PT Bank Internasional Indonesia Tbk

Pollie Sim Sio Hoong
Country Head, Maybank Singapore

9. Jamaludin Nasir
10. Geoffrey Stecyk
11. Nora Abd Manaf
12. Abdul Farid Alias

Management Profile

Dato' Sri Abdul Wahid Omar

President & CEO

Dato' Sri Abdul Wahid Omar, aged 45, has been President and CEO of the Maybank Group since May 2008. He is a Fellow of the Association of Chartered Certified Accountants (UK) and a Member of the Malaysian Institute of Accountants.

Maybank is the third largest organisation that he has led as CEO. Prior to joining Maybank, he was the Group Chief Executive Officer of Telekom Malaysia Berhad from July 2004. He was formerly Managing Director/Chief Executive Officer of UEM Group Berhad as well as Executive Vice Chairman of PLUS Expressways Berhad. He also served at Telekom Malaysia Berhad as Chief Financial Officer in 2001.

His track record in corporate and financial management began with the banking sector in 1988 when he joined the Corporate Banking Department of Bumiputra Merchant Bankers Berhad. He later served as Director of Group Corporate Services and Divisional Director, Capital Market & Securities, in Amanah Capital Partners.

He is currently the Chairman of the Association of Banks in Malaysia and Malaysian Electronic Payment System (1997) Sdn Bhd (MEPS), as well as Director of Bursa Malaysia Berhad, Cagamas Holdings Berhad, and Perbadanan Usahawan Nasional Berhad.

At Maybank, Dato' Sri Abdul Wahid sits on the Board of several Maybank Group companies including Mayban Fortis Holdings Berhad, Maybank Investment Bank Berhad and Bank Internasional Indonesia.

Khairussaleh Ramli

Chief Financial Officer

Khairussaleh Ramli, aged 41, became Chief Financial Officer of the Maybank Group in November 2008 and oversees the bank's Finance & Treasury Operations, Management Reporting & Business Planning, Strategy & Corporate Finance, Central Funding Unit, Business Analysis & Information Management, Risk Management, Basel II Project, Corporate Remedial Management and Strategic Procurement. He graduated from Washington University, USA, with a Bachelor of Science in Business Administration.

Prior to joining Maybank, Khairussaleh was the Group Chief Strategy Officer of Telekom Malaysia Berhad (TM) where he was responsible for the overall group strategy, business development and corporate finance, and the strategic management of a portfolio of subsidiaries. He was also a member of the Board of VADS Berhad, a public-listed company and subsidiary of TM and Measat Global Berhad. He also served as Chief Executive Officer of TM Ventures, overseeing the strategic and business management of a portfolio of subsidiaries. He was also the Project Director for the demerger exercise of the TM Group.

Khairussaleh spent eight years with Bursa Malaysia Berhad from 1998 to 2006, holding various positions before rising to the position of Chief Financial Officer in 2004. He was a key team member in the consolidation of exchanges and clearing houses, the Joint Project Director for the exchange demutualisation exercise and led the IPO and listing of Bursa Malaysia on the exchange.

Khairussaleh served the Public Bank Group for seven years from 1990 to 1997, gaining experience in corporate banking, stock broking and research and futures broking. His last position in the group was as Executive Director of PB Futures Sdn Bhd.

Datuk Johar Che Mat

Chief Operating Officer

Datuk Johar, aged 56, has been the Chief Operating Officer of the Maybank Group since July 2006. He is responsible for strategic and operational activities in the areas of Banking Operations, Information Technology, Business Process Improvement, Service Level Management, Property & Security, Custody Services and Mayban Trustees Berhad.

He joined Maybank after graduating from University of Malaya in 1975 with a Bachelor of Economics and has served in various capacities pertaining to banking operations and strategic innovation.

Prior to his current position, he was Head of Retail Financial Services, handling the Retail Banking portfolio which includes front-end activities at branches. The portfolio incorporated Transactional Banking (operations), Retail Finance, Retail Marketing, Sales Management Private Banking, Retail Programme Management,

Share Trading, e-Channels, Maybank Group Call Centre and Mayban Unit Trust Berhad.

Prior to that, he was Head of Enterprise Banking (Corporate/ Commercial) where he was in charge of Corporate, Commercial and Bumiputra loans.

At Maybank, Datuk Johar is a Board member of several Maybank Group of companies including Mayban Trustees Berhad, Maybank Islamic Berhad, Mayban Life Assurance Berhad, Mayban Takaful Berhad, Myfin Berhad (Mayban Finance Berhad), Aseamlease Berhad, Aseam Credit Sdn Bhd and Mayban Allied Credit & Leasing Berhad.

Lim Hong Tat

Head, Consumer Banking

Lim Hong Tat, aged 50, became Head of Consumer Banking of the Maybank Group, in October 2008.

He has been with Maybank since graduating with a Bachelor of Economics (Business Administration) (Honours) degree from University of Malaya in 1981 and has experience in all aspects of banking, having managed branches, regional, credit card and overseas business portfolios.

Prior to 2008, he was Head of International of Maybank Group and Country Head for Maybank Philippines Inc, as well as former Chief Manager of Credit Card Centre and Regional Manager of Johor/ Melaka.

Rozidin Masari

Head, Business Banking

Rozidin Masari, aged 49, has been Head of Business Banking of the Maybank Group since July 2006. He holds a Masters in Business Administration degree from the University of New Haven, Connecticut, USA.

He began his career in the Corporate Banking Department of Aseambankers Malaysia Berhad (now known as Maybank Investment Bank Bhd), the merchant banking arm of the Maybank Group. During his 18 years in Aseambankers, he was involved in Treasury, Capital Markets, Loan Administration, Information Technology and Operations. He assumed the position of General Manager, Capital Markets & Structured Finance prior to his move to Maybank in 2002 as Head Corporate Remedial Management.

At Maybank, Rozidin is a Director of Maybank Ventures Berhad.

Tracy Ong Guat Kee

Head, Corporate Banking

Tracy Ong, aged 48, became Head of Corporate Banking of the Maybank Group in October 2008. She holds a Masters of Business Administration from University of Strathclyde, UK and a Bachelor of Economics (Hons) from University of Malaya.

She began her career in Maybank in 1985 when she joined the Corporate Banking division of Aseambankers Malaysia Berhad (now known as Maybank Investment Bank), the merchant banking arm of Maybank. She subsequently moved to Maybank as Assistant General Manager and became Head of Business Group in Corporate Banking in 1999. In 2004, she was appointed as Head of Debt Markets and then as the Chief Commercial Officer of Investment Banking in 2006.

At Maybank, Tracy is a Board member of Maybank Investment Management Sdn Bhd.

Mohammed Rashdan Mohd Yusof

Chief Executive Officer, Maybank Investment Bank

Head, Investment Banking

Mohammed Rashdan Mohd Yusof, aged 39, has been Chief Executive Officer of Maybank Investment Bank and Head of Investment Banking of the Maybank Group since September 2008. He is an Associate of the Institute of Chartered Accountants in England & Wales (ICAEW). He received a Masters of Arts (Economics) Double First Class Honours from University of Cambridge, UK in 2002. He is also an Associate Member of the Association of Corporate Treasurers (ACT) of the United Kingdom.

Prior to joining Maybank, he co-founded and was the Managing Director of BinaFikir, a boutique financial advisory firm, since 2004. Prior to BinaFikir, he was with PricewaterhouseCoopers (PwC) in London and Kuala Lumpur, where he was an Executive Director in the Assurance & Business Advisory Services division and Leader of the Financial Risk Management group in 2001.

With over 16 years of experience, Rashdan is a specialist in financial services, derivatives and structured finance which he acquired as both an auditor and consultant in PwC.

Management Profile

Dato' Aminuddin Md Desa

Chief Executive Officer, Mayban Fortis Holdings Bhd
Head, Insurance and Takaful, Maybank Group

Dato' Aminuddin, aged 47, is the Chief Executive Officer of Mayban Fortis Holdings Bhd and Head of Insurance and Takaful of Maybank Group, since October 2008. He is an Associate of the Chartered Institute of Insurance, (UK) as well as an Associate of the Malaysian Insurance Institute. He graduated with an Advanced Diploma in Business Studies in 1985.

He joined Maybank Group in 2005 upon the acquisition of Malaysia National Insurance Berhad by Mayban Fortis Holdings Berhad.

Prior to joining the Maybank, he was CEO of the then Takaful Nasional Sdn Berhad (now known as Etiqa Takaful Berhad) since December 2001.

At Maybank, Dato' Aminuddin is a Board member of Mayban Fortis Holdings Berhad and Maybank Investment Bank Berhad.

Jamaludin Nasir

Chief Credit Officer

Jamaludin, aged 48, became Chief Credit Officer of the Maybank Group in June 2005. He is responsible for the Group's credit management functions which include independent Credit Assessment, approvals, managing and surveillance of the Group's asset quality. He is also responsible for approval of pseudo credit and investment papers for the Treasury division and the Group's Interbank limit. He holds a Masters Degree in Business Administration from Texas A&M International University, USA and a Bachelor's Degree in Economics and Bachelor of Science in Finance and Business Economics from Southern Illinois University, USA.

Prior to joining Maybank, he served in senior management positions in the Dresdner Bank group where he assumed overall responsibility for the Dresdner Bank and Dresdner Kleinwort Wasserstein group operations in Malaysia.

Geoffrey Stecyk

Chief Transformation Officer

Geoff, a Canadian, aged 39, has been Chief Transformation Officer of the Maybank Group since November 2008. He graduated from University of Alberta, Canada in 1992 with a Bachelor of Commerce in Marketing/Finance.

Prior to joining Maybank, he was the National Head of Bancassurance with American International Assurance (AIA) China from 2006 to 2008.

Prior to that, he was the Executive Vice President, Business Integration with Southern Bank Berhad, Malaysia from 2001 to 2004. He was involved in the transformation of the bank which covered all major areas of the retail and SME banking with an emphasis on driving immediate earnings growth to fund the structural transformation over the medium term.

Nora Abd Manaf

Head, Group Human Capital

Nora Abd Manaf, aged 45, is the Head of Group Human Capital of Maybank Group since October 2008. She is a Chartered Accountant, registered with the Malaysian Institute of Accountants (MIA). She holds a post graduate degree in Human Resource Development from Cornell University, USA, and a Master in International Finance (UK) and a Bachelor of Arts in Accounting from University Teknologi MARA (UiTM).

Prior to joining Maybank, she was with Standard Chartered Group for over nine years, where her last held position was the Head of Human Resources, Scope International (a wholly owned subsidiary of Standard Chartered UK Plc). Prior to that, she was seconded to Permata Bank as Executive Vice President, Strategic Initiatives. Other roles in Standard Chartered Group included a leadership development head role in London as well as in Hong Kong on integration work post Standard Chartered Bank's acquisition of Chase Retail bank then.

Prior to Standard Chartered, she was Head of Human Resource of Maxis Communications.

Abdul Farid Alias

Head, International

Abdul Farid Alias, aged 41, has been Head of International for the Maybank Group since joining Maybank in January 2009. He holds a Masters in Business Administration in Finance from the University of Denver, USA and a Bachelor of Science Degree in Accounting from Pennsylvania State University.

Prior to joining Maybank, he was Director of Investments of Khazanah Nasional Berhad and responsible for monitoring the company's investments in Indonesia comprising PT Bank Lippo Tbk, one of Indonesia's top 10 banks, and PT Excelcomindo Pratama Tbk, one of the top three cellular operators in the country. He was a member of the Board of Commissioners of Bank Lippo and Excelcomindo, both of which are listed on the Indonesian Stock Exchange. He was also a member of the Boards of UEM World Berhad, PLUS Expressways Berhad and UEM Builders Berhad, as a nominee from Khazanah. Abdul Farid resigned from Khazanah, and from all companies he was a Board member of, as a representative from Khazanah, in December 2008.

Prior to joining Khazanah in 2005, he was Vice President of Investment Banking at JPMorgan. Before that he was also attached to other investment banking firms such as Aseambankers Malaysia Berhad, Schroders and Malaysia International Merchant Bankers Berhad.

He is a member of the Board of Directors of Maybank (PNG) Limited, a subsidiary of Maybank; and sits on the Boards of MCB Bank Limited and An Binh Bank, associate companies of Maybank in Pakistan and Vietnam respectively.

Ridha Wirakusumah

President Director, PT Bank Internasional Indonesia Tbk

Ridha Wirakusumah, aged 46, was appointed as President Director of PT Bank Internasional Indonesia Tbk. (BII) on 20 March 2009. Before joining BII, Ridha was President and CEO of Regional Business Head Asia Pacific AIG Consumer Finance, Hong Kong. He also served as Chairman of Board of Commissioners of AIG Retail Bank, Hong Kong, AIG Philam Savings Bank, the Philippines, GE Money Retail Bank, Thailand and Keppel Bank/GE Money Bank, Philippines. Prior to that, he was President & CEO GE Consumer Finance Asia, Bangkok. His early career was with Bankers Trust and Citibank in the treasury and corporate banking functions. He finished his MBA degree at Ohio University, United States of America and is a candidate for PhD in Business Administrations at City University of Hong Kong-University of California, Berkeley/Haas School of Business.

He has spent most of his career overseas in countries such as USA, Hong Kong, Thailand and the Philippines.

Pollie Sim Sio Hoong

Country Head, Maybank Singapore

Pollie Sim, aged 48, has been Country Head, Maybank Singapore, since July 2006. She holds a Masters of Business Administration from Brunel University. She began her career in Maybank Singapore as Head Commercial Banking in 1999 and subsequently moved on to be appointed as Head, Enterprise Banking Division. She later became Head, Retail Financial Services before assuming her current role as Country Head of Maybank Singapore.

Prior to Maybank Singapore, Sim was with Mayban Finance. During her tenure there, she assumed several key appointments in credit, loans and securities, business development, corporate planning, corporate services, IT, finance and systems and productivity. She was Chief Executive Officer in Mayban Finance before the merger of Mayban Finance and Maybank in 1999.

She is a Director of Mayban Nominees (S) Pte Ltd, a subsidiary of Maybank. She is also a Director of Singapore Unit Trusts Ltd, Bosbury Pte Ltd, Heartware Network and Sorak Financial Holdings Pte Ltd.

She is also Council Member of the Association of Banks in Singapore and a member of the Singapore Unit Trust Investment Committee.

People, Our Future

Building a High Performance Culture

Robust Leadership Model

Caring for our Community & Environment

Chairman's Statement

To say the year was tough would be an understatement given the upheaval created worldwide as a result of the global financial crisis that saw financial giants fail or requiring Government support. Unlike the 1997 Asian financial crisis, this crisis left hardly any country unscathed.

In these difficult times, Maybank and much of the domestic banking sector in Malaysia remained prepared and strong. Maybank was able to withstand the challenges of a highly stressed and competitive operating landscape given its strong capital and liquidity position, and continued to play a significant role in ensuring that credit remains available to help the Malaysian economy and to support Malaysian business and consumer economic activities.

The Group remained focused on its aspiration to be a leading regional financial services group by 2015. This was well in line with our steadfastness to ensure that we deliver sustained long-term value to our shareholders.

Dear Shareholders,

Making Waves Locally and Globally

Maybank Group's resilience has been built on a foundation of prudence and foresight. And with close to five decades to our name, I am pleased to announce that in the year under review, we have continued our track record of profitability.

Maybank has grown from strength to strength both domestically and regionally as a result of our commitment to building a strong balance sheet, robust risk management, enhanced corporate governance and solid asset quality. At the same time, we have not hesitated in undertaking strategic corporate initiatives to propel us closer to realising our vision of becoming a leading regional financial services group.

It is on this very premise that the Group successfully completed its acquisition of Bank Internasional Indonesia (BII) at the end of September 2008. The acquisition is viewed as significant and strategic to the Group's expansion beyond Malaysian shores and given the huge potential for growth of banking and financial services in Indonesia.

Tan Sri Mohamed Basir Ahmad

The acquisition has certainly attracted a lot of attention from all stakeholders. Maybank has decided to take an impairment charge in the financial year under review to best reflect the carrying value of its investment in BII. With that behind us, we are committed to seeing a much improved performance of BII and we are excited at the prospect, supported by a strong management team that we have installed.

During the year under review, the Group also completed the acquisition of an additional 5% equity stake in MCB Bank Limited (MCB Bank) of Pakistan, bringing our total stake in the Bank to 20%. We also successfully completed the acquisition of a 15% stake in An Binh Commercial Joint Stock Bank (ABBank) in Vietnam in September 2008. Cumulatively, these acquisitions provide the Group with a tangible foothold in high-growth high-margin emerging markets.

On the domestic front, Maybank completed its acquisition of BinaFikir Sdn Bhd (BinaFikir), a well-established boutique investment advisory firm. This was a critical move to strengthen the capabilities of our investment banking arm and be among the leaders in the capital markets arena. On this score, I am happy to note that Aseambankers has been rebranded Maybank Investment Bank Berhad from 12 January 2009 onwards. This was to leverage on the strong brand value of the Maybank Group and clearly position the business unit as an integral value chain of the Group.

“ Whilst the economic slowdown has had some impact on the local banking sector, we at Maybank are prepared to meet the challenges, though it does appear that the worst may be over. ”

Operating Landscape

On the economic front, Malaysia began to experience the brunt of the global economic downturn towards the end of 2008. The country's GDP growth flirted close to negative territory in the fourth quarter of 2008 by registering only a 0.1% growth. The economy eventually tumbled over the precipice in the first quarter of 2009 with a significant contraction of 6.2%. This was due largely to a considerable drop in external demand and exports as advanced countries grappled with a deepening recession. Nevertheless, the country's economy contracted at a slower pace of 3.9% in the second quarter of 2009 underpinned by strengthening domestic demand.

Domestic demand contracted 2.8% and 2.9% in the fourth quarter of 2008 and the first quarter of 2009 respectively. However, the pace of contraction slowed to 2.3% in the second quarter of 2009. This was a result of higher spending and improved consumption as well as the positive impact of the Government's RM67 billion stimulus packages.

The slowdown in the country's economy was not unexpected. The Malaysian Government has been prepared for this eventuality with the allocation of RM206 billion in its 2009 Budget, which was followed by the First Stimulus Package of RM7 billion in November 2008. A Second Stimulus Package valued at RM60 billion was further announced in March 2009. This decisive response in spurring public sector spending was augmented by Bank Negara Malaysia's (BNM) pre-emptive measure to reduce the Overnight Policy Rate by as much as 1.50 percentage points from 3.50 percentage points since November 2008 to 2.00 percentage points. Comprehensively, these measures did much to mitigate the adverse impact of external pressures in the domestic economy and help stimulate economic and business activity.

Whilst the economic slowdown has had some impact on the local banking sector, we at Maybank are prepared to meet the challenges, though it does appear that the worst may be over.

Financial & Operating Performance

For the year ended 30 June 2009, the Group recorded higher revenue of RM10.5 billion compared to RM9.6 billion last year. However, net profit was lower at RM691.9 million compared to RM2.9 billion recorded in the previous year.

The lower profit was largely due to higher loan loss provisions, interest on the additional RM9.1 billion securities and subordinated debts issued in 2008 as well as the impairment charges in relation to its investment in BII and MCB Bank of RM1.62 billion and RM353 million respectively.

Excluding the impairment charges and the reversal of the allowances for the non-refundable deposit for the BII acquisition, Maybank Group's core profit after tax stood at RM2.18 billion.

Nevertheless, the growth in revenue was achieved on the back of positive growth in loans from our Consumer and Corporate Banking sectors as well as the strong performance of our Singapore operations.

Additionally, we have registered significant growth in our Islamic banking subsidiary, Maybank Islamic Berhad which registered an 81.6% surge in net profit to RM361.1 million. From being the first to introduce Islamic banking services in the 1990s, Maybank is today the largest Islamic commercial banking provider in the Asia Pacific region with assets of RM34.7 billion. We are confident that the conditions are currently ideal for the rapid growth of the Islamic banking sector globally and this can only bode well for the Group in the long run.

LEAP30

Maybank will hit its half century mark in the financial year 2009/2010. Over the years, the Group has marked one significant milestone after another, thereby achieving a series of firsts in the industry. The coming year will undoubtedly be another significant milestone that is a testament to Maybank being a strong, steadfast entity that is not only a domestic leader but an emerging regional champion.

We have already made tangible progress in our Group-wide performance improvement programme, LEAP30, which was initiated in the second half of 2008. We are confident that with the traction gained so far, and the continued commitment and strong support of Maybankers, LEAP30 will thrust all sectors within Maybank towards achieving the Group's vision to become one of the top five banks in South and South East Asia by 2015.

The Group has also taken proactive steps to strengthen its capital base by undertaking a RM6 billion rights issue which was completed on 30 April 2009. With the rights issue, our shareholders' funds now stand at RM24.9 billion, and capital adequacy ratio at 14.8%, retaining our credit ratings. Hence, Maybank is currently one of the best capitalised banks in Asia. Ultimately, this will enable the Group to enhance its competitive positioning by strengthening our domestic and regional presence aimed at accelerating growth in the foreseeable future.

“ Maybank’s pole position in the domestic banking sector has been premised on a steadfast commitment to being innovative in our products and services, while being mindful in how we cater to customer expectations. ”

I am pleased to note that the rights issue exercise was transacted successfully; for one, we took only nine weeks to complete the transaction from announcement date. In addition, the rights issue was oversubscribed with a subscription rate of 128%, reflecting the confidence of our shareholders. The 9 for 20 rights issue undertaken by the Group was the largest rights issue in the history of Malaysia’s capital markets.

We would like to thank our major shareholders, in particular Permodalan Nasional Berhad (PNB), Amanah Saham Bumiputra/Amanah Saham Nasional and Employees’ Provident Fund (EPF) who have been instrumental in making the rights issue a success. We believe the trust placed in us has been rewarded with our share price having appreciated by 52.8% and 68.7% as at 30 June 2009 and 28 August 2009 respectively since the shares went ex-rights, on 31 March 2009.

Achievements

Maybank’s pole position in the domestic banking sector has been premised on a steadfast commitment to being innovative in our products and services, while being mindful in how we cater to customer expectations.

This commitment has been recognised by the industry and our peers during the year. In its 2008 survey, Euromoney recognised Maybank as the Best Local Bank with the Best Private Banking Services. Additionally, the Group bagged the Most Outstanding Islamic Retail Banking Award during the KLIFF Islamic Finance Awards, which was organised to acknowledge the significant efforts and contributions by individuals and institutions in developing the Islamic finance industry.

In terms of innovation, Maybank was the first to collaborate with Tenaga Nasional Berhad to introduce an online bill service via Maybank2u.com. We were also the first to launch an online facility for Amanah Saham Bumiputra investments as a result of our partnership with PNB. By consistently enhancing our range of online banking services, we are effectively setting ourselves apart from our competitors in terms of greater access and convenience.

Dividend

The Board of Directors has proposed a final dividend of 8 sen per share less 25% income tax for the year ended 30 June 2009 amounting to RM425 million. This translates into a dividend payout ratio of 61% of the total Group net profit for the year. Clearly, this is a reflection of our commitment to improve shareholder value amidst the challenging operating environment.

Acknowledgements

Maybank is on the verge of the next wave forward in its evolution. Achieving this is no easy task, neither is it impossible as long as Maybankers and our stakeholders are united in achieving this vision.

On this note and on behalf of the Board of Directors, I would like to congratulate Dato' Sri Abdul Wahid Omar on his first full year of helming the operations of the Group as President & CEO. We are indeed confident that his leadership will inspire the Group to greater waves of success.

We also wish to convey our appreciation to all our Maybankers. Your perseverance, dedication and loyalty will be the very fuel to power our Bank forward as we strive to achieve our aspirations.

On the same score, we also thank our financiers, business partners, consultants and relevant authorities who have supported the Group over the year.

The Board of Directors of Maybank would like to record our appreciation to Mr Teh Soon Poh, Tan Sri Dato' Megat Zaharuddin Megat Mohd Nor, Datuk Abdul Rahman Mohd Ramli, Tuan Haji Mohd Hashir Haji Abdullah, Tan Sri Dato' Sri Chua Hock Chin and Datuk Zainun Aishah Ahmad who have stepped down as directors of the Board during the course of the year. Our thanks and appreciation also to Datuk Syed Tamim Ansari Syed Mohamed, who will not be seeking re-election at the forthcoming AGM. Their service, experience and expertise were indeed highly valued by the Board.

We are also pleased to welcome our new directors to the Board of Maybank, namely Tan Sri Datuk Dr Hadenan A. Jalil, Dato' Seri Ismail Shahudin, Dato' Dr Tan Tat Wai, Encik Zainal Abidin Jamal, Mr Alister Maitland, Mr Cheah Teik Seng, Dato' Johan Ariffin and Mr Sreesanthan Eliathamby.

To all our customers, we express our deepest appreciation to you for having supported the Maybank brand and entrusted us with your confidence. We will remain determined to bring you greater innovation, value, convenience and service quality to meet your banking needs.

And finally, it has been close to 16 years since I was appointed as Chairman of Maybank on 9 October 1993. During this period, I have seen Maybank grow from an asset size of about RM56 billion to RM311 billion as at 30 June 2009 and remaining as the No.1 bank in Malaysia. It has been a very exciting and professionally fulfilling 16 years for me. Having chaired Maybank for such period, I guess it is timely that I pass the baton over to someone new to helm the Maybank Board. I will therefore not be seeking re-appointment at the forthcoming AGM. Discussions are currently on-going on the selection of the new Chairman and an announcement is expected to be made upon approval from BNM. I have been a Maybanker since 1993 and I pledge to continue to support Maybank notwithstanding my retirement. I wish the new Chairman, my fellow Board members and the Management team well in their efforts to transform Maybank into a leading financial services group.

Tan Sri Mohamed Basir Ahmad
Chairman

President & CEO's Statement

Dato' Sri Abdul Wahid Omar
President & CEO

Dear Shareholders,

The year 2008 and our financial year just ended will best be remembered as a year that created more waves than one as global economies and corporations grappled with the multitude of challenges which swept across the globe in the wake of a world economic crisis described as truly tumultuous and unprecedented.

The significant strides that we were able to make despite the volatility of markets and global uncertainty are a strong reflection of the resilience of Maybank as a Group to rise above the worst of economic cycles and business downturns and continue with our track record of performance, strength and profitability through the years.

For us at Maybank, the year has been a defining one, during which we set a new vision and aspirations for the Group with a clear expression of our commitment to secure our position in Malaysia as undisputed leader and to take Maybank beyond Malaysia as the country's regional financial services leader by 2015.

We have embarked on a journey of Transformation to bring change to the way we do business and we have to date, successfully brought to completion our regional acquisitions in Indonesia, Vietnam and Pakistan which we initiated in the early part of 2008. Our progress thus far in this commitment to change and grow has been more than encouraging.

Introduction

It has been 16 months since I took over the reins of Maybank and what an event-filled period it has been. Broadly, there was the challenge for us as a Group to steadfastly pursue our business growth plans amid an environment impacted by a slowing economy, the intensified competition in our core business segments and the determination to ensure that we were able to complete our regional expansion plans whilst safeguarding the interest of all our stakeholders.

Before I go further, it would be remiss of me not to thank our stakeholders for the support extended to me in my first year. With almost five decades to its credit, Maybank is what it is today because of the collective hard work and resolve of people past and present who have contributed towards building this Group into a force to be reckoned with. I take pride in joining the ranks of those who have come before me.

The year witnessed the Group being fully cognisant of the fact that in order to extract greater yield, new chapters of growth had to be opened by seizing opportunities which lay before us. This was an absolute necessity given the unpredictable trail of challenges that we had to overcome.

Needless to say, our efforts over the last financial year were firmly encapsulated in the need to see a transformed Maybank as undisputed leader at home and in the region. Our journey has just begun.

> **"Despite the crisis environment and the challenges described, the Maybank Group continued with its record of profitability and registered pre-tax profit of RM1.67 billion for the financial year ended 30 June 2009."**

Business Environment

As I pen these thoughts, global economic recovery is anticipated to pick up towards the end of 2009 and record positive growth in 2010, given that the United States and other developed economies have begun showing signs of stabilising following contraction in real GDP in the first quarter of 2009. In Malaysia, our economy is expected to experience a similar recovery pattern having recorded 4.8% quarter-on-quarter GDP growth in the second quarter of 2009. Together with the upturn in the external sector, the recovery in domestic consumer demand and positive impact of the Government's stimulus packages bode well in lifting the economy back into positive territory in 2010.

The financial services industry in Malaysia is expected to remain resilient despite slower economic growth given the strong capitalisation of financial players, excess liquidity and healthy asset quality. Loans growth is expected to remain positive with improving domestic demand and higher government spending. The industry will remain competitive especially with the gradual introduction of liberalisation measures. Risk of margin compression and asset quality deterioration is expected to be well contained.

To emphasise this fact, the Malaysian banking industry registered total loans growth of 8.3% year-on-year in June 2009. In the same period, household loans growth was recorded at 8.6% while business loans growth was registered at 3.7% year-on-year. These indicators were achieved despite shaken investor sentiments that drove down the capital market in our country and the prospect of the global economic storm engulfing us.

Additionally, asset quality in the banking sector also improved with net non performing loans (NPL) ratio holding at a low level of 2.2% in June 2009. Likewise the finance system was sound with the industry's core capital and risk weighted capital ratios being at a healthy 12.1% and 14.0% respectively as at June 2009.

In short, at the halfway mark of 2009, the financial sector remains solid and continues to be a steadfast contributor and catalyst to the country's economy.

Group Performance

Despite the crisis environment and the challenges described, the Maybank Group continued with its record of profitability and registered pre-tax profit of RM1.67 billion for the financial year ended 30 June 2009, although this was lower than the pre-tax profit of RM4.09 billion recorded in the previous year. Profit after tax and minority interest totalled RM691.9 million compared to RM2.93 billion previously. We also saw operating profit decline to RM3.06 billion for the year compared to RM4.57 billion previously. The lower profits were largely due to higher loan loss provisions, higher interest costs on the additional RM9.1 billion capital securities and subordinated debts issued in 2008 and the

impairment charges of RM1.97 billion in relation to our investment in BII and MCB Bank which we made in compliance with FRS136.

If we were to exclude the impairment charges and the reversal of the allowance for the non-refundable deposit for the BII acquisition, our core profit after tax would have been RM2.18 billion.

As a Group, we also recorded a 9% increase in net interest income which totalled RM5.92 billion compared to RM5.43 billion previously. The higher net interest income was also achieved despite the reduction in the Overnight Policy Rate which saw the Base Lending Rates revised from 6.75% to 5.5% currently as well as additional interest expense of RM445.3 million due to the issuance of capital securities and subordinated debts during the financial year. The net interest margin of the Group remained relatively stable at 2.72%.

Non interest income for the year was at RM3.38 billion compared to RM3.17 billion in the previous year. We continue to benefit as a Group from our strong customer franchise with transactional fee income growing 4.2% to RM3 billion.

The Group's Islamic banking arm, Maybank Islamic remains the No. 1 Islamic bank in Malaysia recording an 81.6% surge in net profit which grew to RM361.1 million, from RM198.8 million the previous year. The sterling performance was driven by a higher financing portfolio and customer deposits as well as improved returns on earning assets.

Gross loans for the Group including BII grew 13% during the year. Loans at the Malaysian operations grew 6.4% while overseas loans including BII grew 29.2%. BII recorded a loans growth of 1.4% while the Singapore operations saw loans grow by 5%.

Consumer loans rose 8.3% during the year led by increase in securities financing which grew 10.6%, credit card receivables by 11.3%, automobile financing by 11.5% and mortgages by 1.6%. Business loans grew by 4.8% driven by strong corporate loans growth of 30.0% which offset a 27% contraction in SME loans.

Loans Growth

RM billion	Jun 09	Jun 08	YoY Growth
Domestic	**129.9**	**122.1**	**6.4%**
Consumer	**62.8**	**58.0**	**8.3%**
• Securities	11.4	10.3	10.6%
• Vehicles	19.8	17.8	11.5%
• Residential	24.6	24.3	1.6%
• Credit Card	3.6	3.2	11.3%
• Others	3.3	2.4	36.9%
Business	**67.1**	**64.0**	**4.8%**
• Corporate	46.4	35.7	30.0%
• SME	20.7	28.4	-27.0%
Overseas	**63.4**	**49.1**	**29.2%**
• S'pore (SGD b)	16.2	15.4	5.0%
• BII (Rp trillion)	35.5	35.0	1.4%
• Others	11.9	12.2	-2.5%
Gross Loans	**193.4**	**171.2**	**13.0%**

Deposit growth was strong, increasing by 13.6% to RM212.6 billion this financial year. Savings deposits grew 11.7% in the year while current account deposits rose 5.2% and fixed deposits by 7.1%.

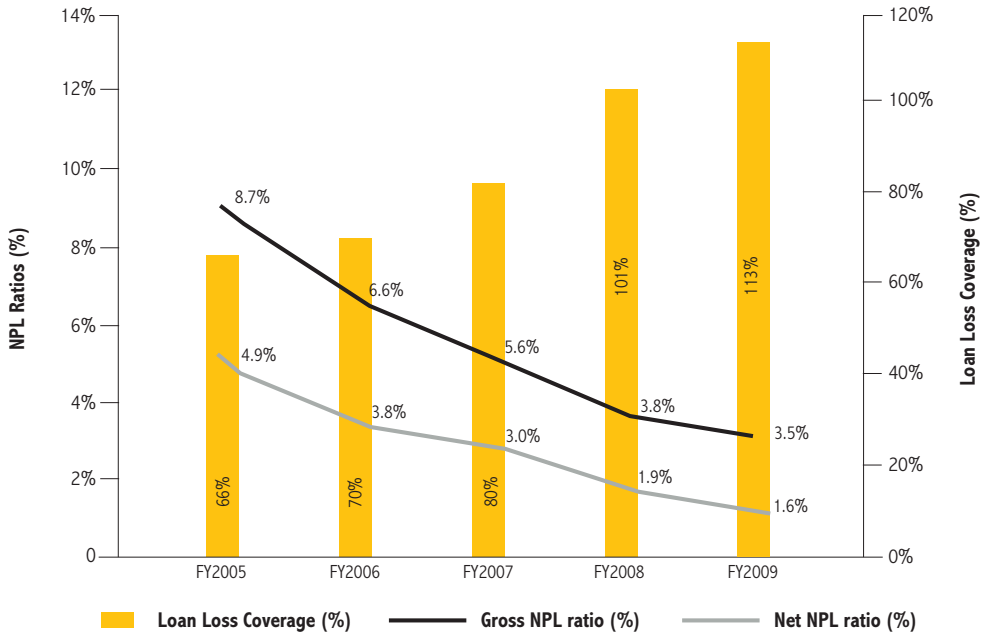
Loan loss provisions for the year were RM1.7 billion, 109.7% higher than the last financial year mainly due to higher loan loss provision of RM401.4 million at Maybank as well as RM121.2 million at subsidiary level and the consolidation of BII loan loss provisions for the first time in the financial year which totalled RM366.2 million. With the increase in loan loss provisions, the Group showed greater prudence in its loan loss coverage which stood at 112.9% as at June 2009 compared with 101.1% in June 2008.

I am pleased to report that we achieved a corporate milestone when we successfully raised a record RM6 billion via a rights issue that we undertook during the financial year to reinforce our capital strengths post our regional acquisitions. Maybank is today among the best capitalised banks in the region with our Group capital adequacy ratio stronger at 14.8%.

On sectoral growth of our core business segments, I will further elaborate on this in the operations review report on page 106 which will detail for you the performance of our commercial banking franchise, Islamic banking, investment banking and insurance groups. In general, while we continued to register healthy growth across most of our core segments, we did see some decline in business particularly in our investment banking and insurance groups. Our international operations was also affected by the global financial downturn.

Nevertheless, our Group asset quality showed continued improvement with the net NPL ratio declining to 1.64% as at 30 June 2009, from 1.92% last year.

Gross & Net NPL Ratio, Loan Loss Coverage



Growing from Malaysia & into the Region

There is vast inherent potential in the emerging economies of the South and South East Asia region, which we have earmarked as the area of future growth outside of Malaysia for us, in line with our Group aspiration to be Malaysia's flagship financial services leader in the region.

In early 2008, the Group made bold moves to expand its international roadmap, beginning with the acquisition of a 15% stake in ABBank to springboard and grow our consumer franchise in Vietnam. This was followed by the acquisition of Sorak Financial Holdings, which paved the way for Maybank to be the controlling shareholder of BII, a strategic move for us to accelerate our efforts to penetrate the fast growing consumer market in Indonesia more aggressively.

Indonesia is expected to be the third fastest growing economy in Asia in 2009 and has experienced per capita income growth of 9.3% in the last five years. This rapid economic growth has fuelled a high loans growth for the same period and is the most profitable banking market in Asia with an average return on assets of 2.3% in 2008. Loans to GDP ratio lags all its Asian peers and there is still tremendous room for growth in the Indonesian banking sector. Indonesia is the world's fourth most populous country after China, India and the United States. It is still widely perceived as having an 'under-banked' population. Let alone the opportunities in consumer business, Maybank's firm footing in Islamic banking will most certainly profit from our 'transformational acquisition' here, given that Indonesia has the largest Muslim population in the world.

The world's economic focus as a result of the crisis is also shifting to the East, with ASEAN emerging as one of the most important trading blocs today. The region is home to more than half a billion people who have an insatiable desire to improve their livelihood and standard of living. Taking a cue from this, the Group has acquired a 15% stake in ABBank in Vietnam.

ABBank is among the fastest expanding joint stock commercial banks in Vietnam by assets and currently has a network strength of 79 branches and transaction offices which span across 21 provinces and cities in the country. Plans are underway to aggressively expand its network to 150 branches by 2010. Vietnam has experienced an average GDP growth of 7% a year over the past decade.

Looking beyond ASEAN, we expect the Indian sub-continent to also undergo sustained growth on a longer-term horizon. In early May 2008, Maybank marked its entry into the South Asian market with the acquisition of a 15% stake in MCB Bank, Pakistan's most profitable commercial bank. An additional 5% equity stake was acquired subsequently in August 2008 in accordance with the terms and conditions of the sale and purchase agreement which was signed earlier. MCB Bank contributed a pre-tax profit of RM92.4 million to Maybank Group's profits for this financial year. MCB Bank is a highly attractive franchise in a high-growth and under-penetrated banking market with a large population. The Bank has a proven record of performance through high return on equity and strong net interest margins supported by a low cost funding base. This clearly demonstrates our confidence in the attractive South Asia market. Adding to this equation is the fact that Pakistan is the sixth most populous country in the world and has the second largest Muslim population globally after Indonesia.

These strategic investments mark the beginning of a new era as the Group ventures into the shores of nations that hold indescribable opportunities for growth. In addition, we will continue to grow our market presence organically in our key international markets in particular Singapore, Cambodia, Vietnam, China and the Philippines. Collectively, with the recent acquisitions and on-going business plans to strengthen our footprint, we look to the future with confidence and are set on achieving our goal to become one of the top five banks in South and South East Asia.

Following the completion of the acquisitions, the Group undertook a robust review of the operations of the acquired banks. In line with this review, the Group conducted a Purchase Price Allocation (PPA) exercise in accordance with the FRS3-Business Combination and FRS138-Intangible Assets Guidelines in relation to the BII and MCB Bank acquisitions. The robust PPA and impairment exercise resulted in the Group having to make an impairment charge of RM1.62 billion for BII and RM353 million for MCB Bank. As a result, the carrying amount of BII and MCB Bank as at June 2009 in the books of Maybank Group stands at RM5.77 billion and RM2.23 billion respectively.

The recoverable/carrying amount is computed based on the Value-in-Use method which applies the discounted cash flow model using Free Cash Flow to Equity projections prepared by management, covering a 10-year period with a certain compounded annual growth rate derived from historical data and the economic outlook of the country in which the subsidiaries or associates operate. The impairment charges are the difference between the recoverable/carrying amount and the cost after taking into consideration foreign exchange fluctuation loss and movement in net assets and amortisation of intangible assets from the acquisition date to 30 June 2009.

The impairment charge is a non-cash charge and does not affect the capital position of Maybank because of the manner in which the risk weighted ratio is calculated which has already negated any effect of impairment.

Group Transformation

Our drive for higher performance through Group-wide transformation of people, processes and systems is taking shape and progressing well. Through LEAP30, Maybank's performance improvement programme launched in the year under review, we have begun to realign our operations, re-engineer organisational processes as well as build a high performance talent pool that will serve as the foundation for sustainable growth in the future.

Much progress has been made since the launch of LEAP30 which has as its focus, three strategic thrusts to:

- Secure Maybank's position as the undisputed leader in financial services in Malaysia;
- Strengthen our regional presence by enhancing the quality of our operations in seven out of 10 ASEAN countries in which we are already operating, whilst continuing to look for opportunities in other lucrative growth markets in the region; and
- Become a talent and execution-focused company.

I am pleased to report that LEAP30 has already made a positive impact on the Group. To date, we have implemented a total of 16 of the targeted 30 initiatives and have achieved total financial benefits amounting to RM40 million in pre-tax profit contribution plus an additional RM143 million in cost savings for the Group.

The Group is also fully aware that it is equally important to attract and retain the right talent in line with our human capital development strategy and philosophy that people are our greatest asset and our future. Capitalising on the global downtrend, Maybank optimised on opportunities to hire the best Malaysian talent with global experience, resulting in a number of top hires particularly at our Investment Banking arm to strengthen our corporate finance and Islamic capital market teams.

Collectively, these measures will strengthen our existing human resource model to ensure our ability to grow, retain and reward performers within the Group. This year's annual report contains a dedicated section on page 164 entitled LEAP30 which highlights the achievements to date and plans ahead.

"Our drive for higher performance through Group-wide transformation of people, processes and systems is taking shape and progressing well."

Basel II

The Basel I framework, implemented in Malaysia since 1988 is a one-size-fits-all capital framework. It was designed to calculate regulatory capital for credit risk and market risk only, using one basic methodology.

Under Basel II, the framework has been enhanced with the following key features:

- Pillar 1: minimum regulatory capital for credit risk, market risk and operational risk (which is new), with a menu of options from basic to advanced approaches.
- Pillar 2: supervisory review process (including ICAAP for banks).
- Pillar 3: enhanced disclosure requirements.

There are three approaches for the assessment of minimum capital for credit risk under Basel II.

One is the Standardised approach, which is an enhancement of Basel I. The calculation of regulatory capital charge for credit risk is largely driven by the use of recognised external ratings.

The other approach available is the Foundation Internal-Ratings Based (FIRB) approach, where banks are allowed to have their own internal ratings for the calculation of Probability of Default (PD).

The third approach is the Advanced IRB approach where banks are allowed to have their own internal ratings for the calculation of PD, Exposure at Default (EAD) as well as Loss Given Default (LGD).

Banks are required to demonstrate their ability to meet a set of minimum qualifying criteria before they can become IRB-certified banks.

At present, we have as a Group implemented the Standardised approach for market risk since 2005. For credit risk and operational risk under Basel II, the Group plans to migrate to the IRB approach for credit risk and the Standardised approach for operational risk during 2010.

Under the Basel II implementation schedule announced by BNM, banks that wish to migrate directly to the IRB approach for credit risk need to apply for prior BNM approval and implement by 2010.

The Maybank Group has obtained approval in-principle from BNM to adopt the IRB approach in 2010. In preparation for this migration to Basel II, we have emplaced appropriate IRB-compliant risk models, enhanced our risk systems and databases and conducted comprehensive training on Basel II for our staff to facilitate a smooth transition from Basel I to Basel II during early 2010.

On the regulatory capital requirement for operational risk, the Group has submitted an application to adopt the Standardised Approach for Operational Risk, which we target to implement by 2010. We have also made preparations for Pillar 2 and Pillar 3, in line with regulatory requirements. We submitted a high-level Internal Capital Adequacy Assessment Process (ICAAP) framework to BNM during 2008 to highlight our preparations for Pillar 2 compliance.

At Maybank, we have developed risk models to ensure that at least 75% of our credit portfolio would be IRB-compliant come 2010. This percentage will need to increase to 85% by end 2012. We have set up a dedicated and independent team to validate the models on an on-going basis as the robustness and accuracy of risk models are key requirements set out in the BNM guidelines on IRB approach.

We do not foresee any delay in the implementation of Basel II. We started our preparations quite early, having started the use of corporate rating models since 2001. Today, we are in the midst of fine-tuning our Basel II calculations and testing our reporting modules. We are confident that we would be able to meet the BNM timelines for implementation.

Accolades

The Group continued to be recognised for two consecutive years as Malaysia's Most Valuable Brand with brand value of RM9.3 billion. At business sector level, our brand has been widely recognised as award winning in cash management, private banking, trade finance, credit cards, Islamic banking, takaful and investment banking. These awards are as much a celebration of the achievements of our employees as that of customer and industry recognition of our business and service leadership. A list of all our awards can be found on page 48.

Prospects & Outlook

The new financial year will prove to be yet another challenging one as the world's leading economies, particularly the United States, continue experiencing recessionary effects that will flow into many Asian economies. In Malaysia, higher public spending and positive growth in private consumption resulted in a slower rate of contraction of the economy by 3.9% in the second quarter of the calendar year 2009, compared to a contraction of 6.2% in the first quarter. We are beginning to see signs of an economic recovery and are optimistic of a continuing upward trend albeit gradually in the coming year.

“The Group continued to be recognised for two consecutive years as Malaysia's Most Valuable Brand with brand value of RM9.3 billion. At business sector level, our brand has been widely recognised as award winning in cash management, private banking, trade finance, credit cards, Islamic banking, takaful and investment banking.”

> **"With the accommodative interest rate policy adopted by BNM and the impact of the Government's stimulus packages, the economic and business environment moving forward will bring with it more opportunities for growth and recovery."**

With the accommodative interest rate policy adopted by BNM and the impact of the Government's stimulus packages, the economic and business environment moving forward will bring with it more opportunities for growth and recovery. In these difficult times, the nation's financial sector has been given a boost as it undergoes positive changes with the announcement of the liberalisation plan by our Prime Minister Dato' Sri Mohd Najib Tun Abdul Razak. The plan is set to enhance Malaysia's viability in the global economic landscape. The magnitude of the liberalisation plan will most certainly be felt in years to come as consumers are now provided with a wider range of world-class financial products and services. The initiative will also strengthen the country's drive to become an international Islamic financial hub. This bodes well for the Group as it will further solidify our dominant position as Asia Pacific's largest Islamic banking player.

On this score, the Group is prepared and ready to operate within a more liberalised environment which is aimed at enhancing Malaysia's linkages with international economies to promote greater regional economic integration.

As we look to the year ahead of us, we are mindful of the trust that has been placed in us by our stakeholders. This is the impetus that inspires us to perform and succeed in our efforts to build a transformed Maybank, a financial services leader that we can all be proud of in Malaysia and the region.

Acknowledgement

Undoubtedly, my first year in Maybank would not have been possible without the assistance I have warmly received from all Maybankers. To begin, I would like to express my gratitude to our Chairman, Tan Sri Mohamed Basir Ahmad for his guidance and counsel during the year. I have enjoyed tremendously working with him and have benefited significantly from his experience and wisdom. On behalf of all Maybankers, we say a big 'Thank You' YBhg Tan Sri. There is no doubt that we will miss his presence and we wish him all the best. My appreciation also to the Maybank Board of Directors for their confidence and support extended to the Management team and myself.

I would also like to record my appreciation to the relevant regulatory authorities especially BNM and the Securities Commission and our valued stakeholders - our shareholders, customers, and our business partners. To our shareholders especially PNB and the EPF, thank you for your unwavering support in our successful rights issue. Finally, this journey could not have been undertaken if not for the invaluable energy and dedication of more than 39,000 Maybankers in Malaysia and the region. Thank you for your perseverance and dedication as we work together, sharing a common vision and our core values which we embed in the acronym TIGER to steer us forward in our journey of change and greater leadership for Maybank.

Dato' Sri Abdul Wahid Omar
President & CEO

Consumer Banking

The sector continued to remain resilient despite the weakening business environment, heightened competition and increased operational cost.

Maybank's Consumer Banking sector caters to a broad array of consumer segments throughout Malaysia. Its range of products and services include mortgage loans, automobile loans, credit cards, bancassurance, wealth management as well as deposits.

Performance Review

During the year under review, Consumer Banking recorded a profit before tax of RM1.61 billion compared with RM1.68 billion a year ago. Our percentage of decline was, however, lower than what was reported by other players in this sector. Consumer Banking's profit before tax accounts for a contribution of 51% to the overall Group profit before tax and impairments. The sector continued to remain resilient despite weakening business environment, heightened competition and increased operational cost. This achievement was largely attributed to the positive growth recorded in the Bank's consumer loan segment, retail deposit business as well as fee-based income stream from cards and payment services during the year.

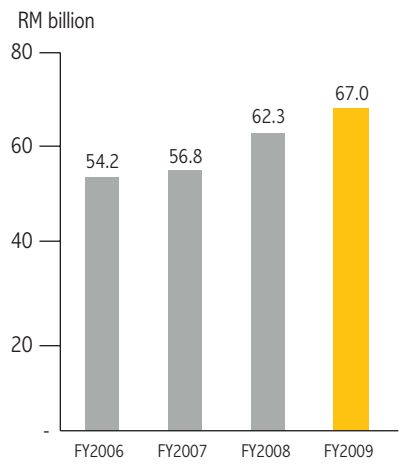
To demonstrate our commitment to providing credit facilities to Malaysians who qualify, Maybank continued to aggressively pursue its growth strategy for the consumer loan segment. As a result, the segment, which accounts for 35% of the Group's total loans outstanding balance, recorded a 7.7% increase in overall consumer loans to RM67 billion.

Mortgage, automobile, unit trust and cards financing remained the key contributors to our consumer loan segment, making up 98% of the total portfolio. However, growth during the year was mainly driven by the expansion of our hire purchase and unit trust financing portfolios, which grew by 11% and 16% respectively.

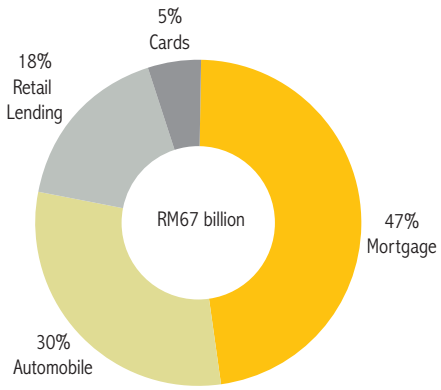
Our retail deposits also rose by 4%. This was due to the positive growth recorded in CASA (current account savings account) deposits and fixed deposits of 6% and 2% respectively. Retail deposits accounts for 33% of the Group's total deposits.

Taking into account the challenging operating environment during the year, Consumer Banking has been prudent in ensuring that loan assets remained healthy and viable with constant risk assessment and monitoring. This was evidenced by its gross NPL ratio which declined to 4.2% from 4.9% in the previous financial year.

Consumer Banking Loans Trend

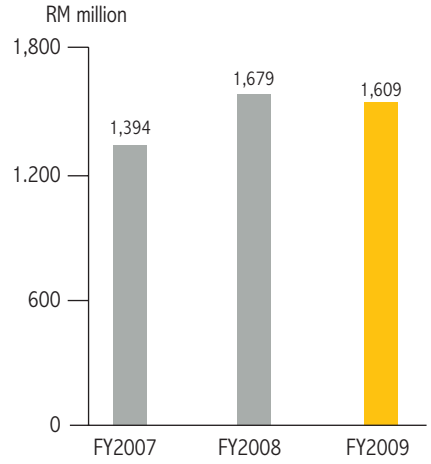


Consumer Banking Loan Composition as at FY2009

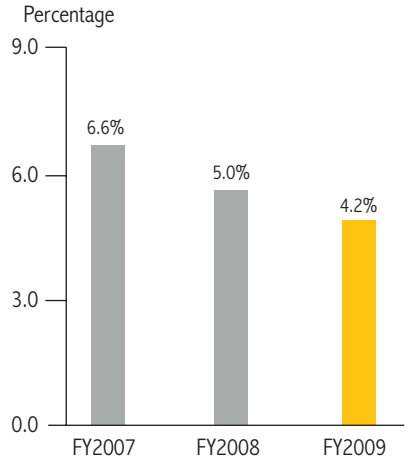


Consumer Banking – Malaysian Operations Only	FY2009	FY2008	Growth Inc/Dec
Pre-Tax Profit (RM'mil)	1,609	1,679	-4.2%
Gross Loans, Advances & Financing (RM'bil)	67.0	62.2	7.7%
Core Product			
• Mortgage	31.5	30.5	3.3%
• Auto Loans	20.3	18.3	10.8%
• Retail Lending	11.7	10.3	14.0%
• Cards	3.6	3.2	12.3%
Retail Deposits	71.1	68.5	3.9%
Core Product			
• CASA	33.3	31.4	5.9%
• Fixed Deposits	37.9	37.1	2.1%
Gross NPL Ratio (%)	4.2%	4.9%	-0.7%
Core Product			
• Mortgage	7.6%	8.5%	-0.9%
• Auto Loans	1.1%	1.4%	-0.3%
• Retail Lending	0.9%	1.7%	-0.8%
• Cards	1.8%	1.7%	+0.1%

Consumer Banking Profit Before Tax Trend



Consumer Banking NPL Trend



Mortgage Financing

Mortgage financing remained the core business for Maybank's Consumer Banking sector. At the end of the 2009 financial year, loans outstanding in our mortgage portfolio amounted to RM31.5 billion, representing an increase of 3.3% from the previous year's RM30.5 billion. This accounts for almost 47% of the Bank's total consumer loan portfolio.

As a result of our strategy to re-balance our mortgage portfolio and improve our asset quality, the NPL ratio for mortgage loans improved from 8.5% to 7.6%, while the NPL for loans disbursed since July 2006 was at a low 1.2%. The adoption of a new customer acquisition strategy in the previous financial year has provided us with the foundation to be more aggressive in our pursuit of greater market share. Compared with the first half of the financial year, we saw much more improvement in the second half in terms of approval, acceptance and balance outstanding. By focusing on financing properties in prime areas, Maybank was able to leverage on the strength of its Mortgage MaxiHome brand and the reach of its wide network to tap the market base of high net worth individuals while ensuring asset quality and profitability.

In tandem with this approach, Maybank also formed strategic collaborations with reputable and established developers. These included leading top-tier developers such as Sime Darby Property Berhad, Island & Peninsular Group, Sunrise Bhd, the Sunway Group, IJM Land Berhad, SP Setia Berhad and the Mah Sing Group, which are brands that have consistently delivered quality homes.

These strategic alliances further position Maybank's Mortgage MaxiHome brand as the preferred financial solutions provider for individuals looking to acquire quality properties. Through this partnership, the MaxiHome brand has successfully penetrated the preferred segment of the market, supported by attractive financing packages with innovative and flexible features.

As part of the efforts to market Maybank products to affluent home-buyers, we actively participated in the property industry's prestigious events, namely as the main sponsor for the FIABCI Malaysia Property Award and The Edge Malaysia Top Property Developers Awards. In addition to enhancing our visibility, this initiative provided us with the opportunity to network and build invaluable links to drive this consumer segment forward.

The year also saw the Group developing several key products such as the new Maybank MaxiHome FlexiPrime which offers competitive interest rates, high margin of financing and flexibility for customers to self-manage their loans and cash flow. This loan product combines savings and current accounts as well as the home loan into one account with checking facilities. Customers can make extra payments at anytime with no limit or penalty while interest can be earned for credit balance. The product also comes with free Personal Accident insurance coverage and free medical expenses coverage.

Maybank continued to emphasise customer retention given the highly competitive landscape due to the low interest rate regime. As such, we strived to enhance our product offering and improve customer service standards. One of the notable initiatives implemented was providing customers with the convenience to redraw on extra payments at any time through various platforms, be it over the counter, online, with cheques, via ATM, auto-credit or phone banking.

As part of our long-term commitment to support BNM's priority sector housing loan programme, Maybank financed a total of 5,438 units or 201% above the minimum 2,700 required units during the financial year. In addition, Maybank was one of the participating banks for the Government's Syarikat Jaminan Kredit Perumahan (SJKP) guaranteed housing loan scheme for eligible customers without a fixed income.

Automobile Financing

During the year in review, aggressive marketing campaigns with dealers and distributors, strategic focus on our core customer segments and the introduction of highly competitive products were the hallmark of Maybank's continued success in the automobile financing business.

This segment, which contributed 30% of Consumer Bankings gross loans, registered a gross balance outstanding of RM20.3 billion. This was a notable double digit 11% increase compared with RM18.3 billion a year ago and clearly surpassed the industry's average loan growth of 5%. Maybank is today recognised as the fastest growing brand in the automobile financing sector despite being No.3 in the market, with market share for purchase of transport vehicles improving from 16% to 17% as well as dominant market share for floor stocking at 84% and block discounting at 80%.

Retail hire purchase remained the primary contributor by accounting for 98% of the segment's total revenue. Other core businesses in the segment included commercial hire purchase, corporate auto scheme, floor stocking and block discounting. The positive performance can be attributed to the introduction of new products such as the Graduate Ezy HP Automobile Financing Package. It offers a step-up repayment structure that appeals to graduates, young professionals and individuals with high income growth potential.

In addition, the segment also upgraded its business processes by making it easier for our managers to undertake approval anywhere and anytime via the Internet. This greatly enhances speed and efficiency, allowing our brand to be competitive in terms of fast approval of credit applications.

To further penetrate the market, we also expanded our network with the successful opening of 29 new hire purchase windows during the year. This brings our total footprints for automobile financing to 95 throughout our branches.

To manage our loan portfolio, we also re-launched our re-schedulement package during the year to help existing customers ease their monthly commitment in the present economic conditions. Complemented by pro-active prevention and recovery activities, our gross NPL ratio for purchase of transport vehicles improved to 0.7% compared with 1.3% a year ago.

Cards Business

The credit and debit card business remains a high-growth segment in Malaysia due to the unparalleled convenience and security these cards offer. Nevertheless, the operating landscape is highly competitive as financial institutions jostle for share of wallet.

Maybank continued to be at the top of the class by outperforming the industry in terms of growth to further solidify its No.1 position in market share. This was mainly driven by a 29% growth in billings compared with the last financial year. The increase in billings was derived from a 16% growth from the credit card portfolio, 60% growth from the American Express portfolio and a highly significant 100% growth in debit portfolio. Clearly, the benefits of debit cards have struck a positive chord among Malaysian consumers and we were able to further leverage on our position as the largest issuer of debit cards with a market share of more than 85%.

Maybank is the No.1 issuer of credit cards, debit cards and charge cards in Malaysia. We also have the highest ranking in total card spend with a market share of over 20%.

Positive gains were also recorded from our commercial payment sub-segment. Our Merchant Acquiring Business registered an overall 30% growth, stemming from a 25% growth in the credit card portfolio, 50% growth in the American Express portfolio and 60% growth in the debit card portfolio compared with the last financial year.

With a single-minded focus on product innovation, loyalty programmes and strategic sales and marketing initiatives, the Group was able to sustain the positive performance of our card business throughout the year under review.

In tandem with the introduction of various firsts in market products catering to niche segments, we were mindful of retaining our customers' loyalty and support by ensuring that the Maybankard is top of the mind when it comes to making payments. Towards this end, we remained committed to our highly popular Maybankard Treats and American Express Membership Rewards programmes. Maybank Treats Fair won the Gold Dragon Award in Best Effective Long Term Marketing Campaign category in the 2009 Promotion Marketing Awards of Asia (PMAA Awards) – Asia's World Class Promotion Marketing Award Program.

Maybank also enhanced its contactless technology with the implementation of Maybankard Visa PayWave Mobile with Maxis FastTap. A collaborative initiative with Maxis, VISA, Touch N' Go and Nokia, this service allows cardmembers the convenience to make purchases just by placing their mobile phones on the reader.

In response to the growing popularity of Islamic financial products, we also introduced the Maybank Islamic Ikhwan Card. This distinctive product is based on the Shariah principal of Bai Al' Inah, which incorporates the five elements of Sadaqah, Ziarah, Takaful, Al-Tawfir and Musharakah. Along with worldwide acceptance, this new card has received overwhelming response from our customers with more than 60,000 cards issued by the end of the 2009 financial year.

The introduction of new products was supported by cohesive sales and marketing campaigns. There were also joint promotional activities with valued merchants and business partners such as Jusco (AEON CO (M) Bhd), Petronas, Mydin Hypermarket, Carrefour Hypermarket and Metrojaya Departmental Store.

Additionally, we registered a 35% growth in our 3D SSL e-Commerce business, which is the new security requirement for online purchases based on new technology implemented by Visa and MasterCard. This technology ensures that

only the cardholder can make online purchases via the Internet with his or her credit card. The growth of this business was mainly derived from our airlines segment.

Maybank was also the first to introduce the Singapore Airlines KrisFlyer American Express Gold Credit Card. The card currently offers an unparalleled frequent flyer miles programme while providing highly attractive savings to cardmembers who redeem these miles for travel.

Bancassurance

Maybank Bancassurance is one of the fastest growing financial solution providers in Malaysia and currently ranked No.1 in total bancassurance new business with a 25% market share. *(Source: Life Insurance Association of Malaysia (LIAM) Report for December 2008.)*

Through the close relationship we have formed with retail customers, our insurance subsidiary, Etiqa, was able to develop a comprehensive product portfolio to meet individual customer needs. At the end of our 2009 financial year, there were a total of 36 off-the-shelf insurance products offered through our financial executives, Maybank2u.com, Call Centres and other customer touch points. This provided us with an effective penetration rate of about 23% for bancassurance products from the Bank's eligible customer base.

Strategic sales and marketing campaigns also contributed to the segment's performance. One of the more notable campaigns was NIAM Bijak Malaysia, which was launched in collaboration with the National Insurance Association of Malaysia (NIAM). At the end of the campaign period Maybank dominated the market with sales of over RM14 million in premiums.

In terms of products, during the year the banca segment introduced PesonaLady, a niche product designed specifically for contemporary Malaysian women. The plan provides coverage for personal accident, female-related illnesses as well as crime protection. Additionally, PesonaLady rewards mothers with a Family Prosperity Bonus for the delivery of twins or more.

Under Bancatakaful, we successfully launched the Takaful Capital Protection Product, Al-Waqi, with sales exceeding RM100 million.

The banca business strategy is to optimise business opportunities by synergising the Group's business with the insurance platform provided by Etiqa. It strengthens the Group's effort to create greater value from the large customer base with protection, investment, asset management and lifestyle solutions. Our expected growth in new insurance business for the next 12 months will be about 14% compared to the industry average of 9%. Maybank will continue to promote insurance products to existing customers and the wider population by utilising multiple distribution channels and providing the right financial planning advice in the most effective and efficient way.

Wealth Management

Considerable wealth destruction worldwide as a result of the unprecedented global recession marked the year under review. In spite of these overwhelming circumstances, Maybank managed to grow the customer base for its wealth management segment by 5% while increasing the volume of financial assets under management by 7%.

This achievement can be attributed to the strength of Maybank's financial foundation, skills-set of our wealth management team as well as our capability to introduce products and services that appeal to the discerning high to ultra-high net worth individuals.

During the year, we successfully introduced several unit trust funds designed to meet the risk appetite of our clientele in view of global economic conditions. These products recorded a total of over RM200 million in sales. In addition, we launched several structured deposit products namely the Maybank 21st Century Structured Deposit Series I and II, Maybank Al-Sayf Structured Deposit and Maybank Autocall Structured Deposit. These structured deposits recorded sales of over RM300 million.

In recognition of Maybank's continuous drive to be the preferred wealth management partner, we were awarded the prestigious Best Private Banking Services Overall in Malaysia and Best Local Bank providing private banking services in the recent Euromoney Private Banking & Wealth Management Poll 2009. We were also voted by high net worth individuals with assets under management between USD1 million - USD5 million, as the Overall Best Domestic Private Bank in Malaysia in the Asiamoney magazine. The innovation of Maybank's wealth management products also resulted

in the accreditation of our Shariah-compliant investment offering Maybank Al-Sayf Structured Deposit as the Best Islamic Product for 2008 by FinanceAsia.

In order to serve our clientele better, the Group also opened new Private Banking Centres and Private Banking Lounges in strategic locations across the nation. At the end of the financial year, we had a total of 22 Private Banking Centres and four Private Banking lounges.

Given our growing customer base, Maybank organised four Investment Fairs in Miri, Kuala Terengganu, Kuala Lumpur and Kota Kinabalu during the year. These fairs provided the target market segments with an opportunity to listen to the views and experiences of a panel of distinguished industry professionals in order to better navigate their investments through the current challenging environment.

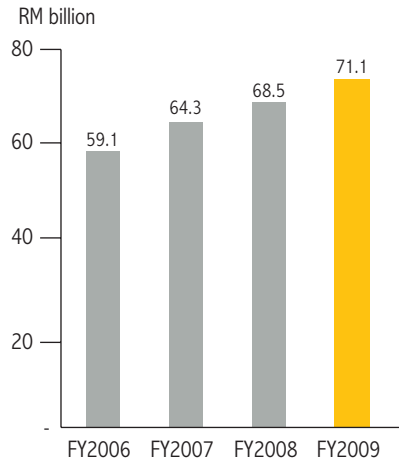
Funding & Deposits

During the year, the bank continued to dominate the low cost deposit segment with a market share of 24% and this helped us maintain our pole position in total retail deposits. This achievement was obtained despite the challenges posed by the introduction of several higher yielding investment products introduced by PNB and BNM.

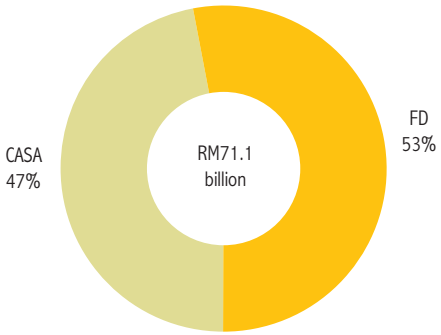
Maybank managed to attract new CASA totaling over 850,000 accounts valued at over RM1.8 billion worth of new deposits. Our CASA deposits marked a positive growth of about 6% compared with the previous year.

The year also saw us introducing the Golden Savers Savings Account which is specially tailored for senior citizens, and FD Loyalty Bonus to reward our loyal depositors with higher FD rates on renewal. Additionally, we introduced the Profit Now! Account-i which is an Islamic term deposit that provides immediate profit upon placement.

Consumer Banking Retail Deposits Trend



Consumer Banking Retail Deposits Composition as at FY2009



In terms of greater convenience, we introduced the Foreign Currency Account & Gold Savings Passbook Account via Maybank2u.com. Customers can submit online applications for account opening anytime, anywhere. The branch account opening process has also been simplified resulting in reduced average waiting time from 30 minutes to 10 minutes. These improvements aim to provide a better customer experience while enabling the Bank to operate more efficiently.

From February to June 2009, we carried out a deposit campaign, Save Big & Win Big with the objective of sourcing new CASA deposits. For this campaign, we achieved a growth in CASA deposits of RM1.45 billion as at end June 2009.

We also stepped up the recruitment of companies for Maybank's salary payment facility to increase our account base. To date we have acquired over 1.3 million new accounts from this facility alone.

Retail Lending

The Bank's retail lending segment comprises four sub-segments: unit trust, personal financing, retail business and share financing. The bulk of the contribution to the portfolio was from our unit trust business covering 87% of total retail lending loans.

During the year, our unit trust loan portfolio grew by 16%. The promotional campaigns and better co-ordination between branches, regions and Head Office staff contributed to this achievement.

The personal financing loan portfolio registered an outstanding balance of RM95 million. This growth was mainly from the introduction of new salary loans to Government employees in the third quarter of the financial year.

Despite the lower demand for financing by small businesses arising from contracting demand for goods and services due to depressed economies worldwide, our retail business loan financing to SMEs still managed to register a strong growth of 19%.

Meanwhile, our share financing loan contracted by 13%. This was expected considering the significant meltdown of stock brokerages worldwide and the accompanying decline in share prices.

Payment Systems

Maybank's Payment Systems continued to register a commendable performance with fee income revenue of RM416 million during the financial year notwithstanding the current economic uncertainties. The fee income revenue is derived mainly from four business domains comprising payment services, remittances, money exchange booths and ATM-related services.

In meeting Maybank customer needs for more convenience and accessibility, numerous initiatives were undertaken focusing on product development and process efficiency to enhance delivery of products and services. Various strategic marketing campaigns were also implemented to promote new and existing products and services.

Maybank continues to strengthen its position as the premier bank in the remittance business through collaboration with numerous partners from MCB Bank, BII, Prithivi Express Nepal and Bank of China. Enhancements were also made to our regional linkage among four overseas subsidiaries, namely Singapore, Indonesia, Philippines and Brunei, to strengthen regional delivery. To further provide greater reach and convenience, Maybank opened four new Money Exchange booths and 155 self service terminals, bringing the total to 66 and 3,714 outlets respectively during the financial year.

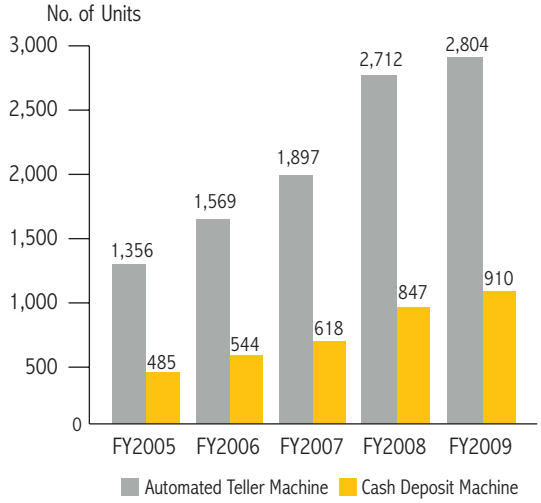
Channel Management

Maybank's Consumer Banking is anchored by its strong franchise, which encompasses the most extensive branch and ATM network coverage in Malaysia. As at the end of the 2009 financial year, our Consumer Banking reach comprised 442 touch points and 4,568 self service terminals nationwide. Maybank maintains the lead in having the most number of branches and largest ATM network in the country with market share of 19% and 32% respectively.

During the year, we opened a total of 13 new branches and four Forex Booths, and installed 91 Off-Bank ATMs throughout Malaysia.

In continuing our efforts to bring banking to the customers' doorsteps, Maybank introduced the Marc Residence Private Banking Centre. This is the Group's first outlet within a serviced condominium complex.

Number of Maybank ATM & CDM



E Channels

Maybank2u.com is the No.1 Internet banking website in Malaysia with 3.8 million registered users and a market share of over 54%.

During the year, we introduced the All-new, All-you Maybank2u.com by revamping our existing website with new features in compliance with web 2.0 technology. We also kicked off Malaysia's first online bills summary by a bank, My Bills. Initially launched with Tenaga Nasional Berhad, users can now also view, pay and save DiGi and TM bills via this facility.

Additionally, our online portal enables users to make additional ASB investments online, the first and only facility in Malaysia. Launched by the Prime Minister on 21 April 2009, the facility also allows third party investment in ASB.

Currently, our online portal has the largest number of payee corporations. Close to 700 types of bills can be paid via Maybank2u.com. This will be further bolstered with additional Government-partnered initiatives such as online payments for Agensi Kaunseling dan Pengurusan Kredit, Skim Simpanan Pendidikan Nasional and the Ministry of Finance Housing Loan Scheme.

Prospects

In the current financial year, Maybank's Consumer Banking sector will continue its focus on becoming a customer-centric organisation that meets and exceeds customer expectations. This will be achieved by relentlessly implementing market-driven strategies in our overall operations while continuously enhancing customer service quality.

We intend to focus on strengthening our consumer loan business, namely in the mortgage, unit trust, automobile financing and cards categories. Our growth objectives in the business area will be pushed through to maintain and strengthen our leadership position in all the said categories, and by intensifying cross-selling efforts within the various core businesses of the Maybank Group. The aim is to build organic growth by tapping into our eight million-strong customer base and by specifically targeting high value assets and selected customer segments.

With good risk management practices, we will be able to secure better quality assets. At the same time, we are also mindful that some of our existing good and loyal customers may be facing financial difficulties during this challenging period. We will continue to assist this segment via various supportive remedial and proactive rehabilitation programmes.

The overall residential property market continues to be resilient with some signs of recovery being observed amid the backdrop of economic challenges. Developers are having more launches, albeit smaller ones, and focusing on the higher income customer segment. The sector continues to expect landed and freehold properties at prime locations to receive good response from the first-time home owners, up-graders and investors. The mortgage financing industry meanwhile continues to grow in view of the current low interest rate regime whereby affordable and innovative financing are easily available, and developers are offering various incentives to boost sales. In addition, there are opportunities in the secondary market with up-graders moving into bigger homes and house-owners seeking interest savings through refinancing.

According to the Malaysia Automobile Association (MAA), despite the reduction in new car sales in the first half of 2009, car sales are expected to improve in the second quarter and possibly beyond, as the economy recovers further. However, we expect the recovery rate to be at a slower pace, with some consumers being cautious and likely deferring potential purchases to later.

The price of used cars is expected to stabilise following the short supply of these cars in the market. Our competitors are already starting to improvise their financing terms for used cars in order to be more competitive in the market. Maybank plans to continue developing smart solutions that will appeal to the market seeking automobile financing.

Current economic conditions and the H1N1 pandemic have slowed down cardmembers' spending on travel, accommodation and entertainment during the second half of our financial year. We had seen single digit growth in total cards in circulation over the past two years, as customers have now become more conscious about the number of credit cards in their wallet and more prudent with their card usage. Nevertheless, we expect to continue registering double digit growth next year in terms of billings given the competitive value propositions of our debit, credit and charge card products which suit the ever-changing needs and expectations of different segments of customers.

In terms of our bancassurance business, the outlook remains positive and resilient, given the insurance business volume recorded in 2008 despite the challenging financial environment. Based on BNM's report, total gross direct premium for general insurance increased 3% from RM10.2 billion in 2007 to RM10.5 billion in 2008. This was due to the strong performance of the non-motor sectors. However, the life insurance sector recorded a slight decrease with a total of RM7.2 billion in new business annual premium equivalent, compared to RM7.6 billion in 2007, as a result of lower sales in investment-linked products.

With the current insurance penetration rate of 42%, the potential in the untapped market remains large. The promising growth areas for bancassurance are medical insurance and retirement plans in view of the growing aging population. At present, only 15% of Malaysians have some form of medical insurance. It has been growing by at least 15% per annum over the last few years, with expectations of strong growth to continue. We are also bullish on the Takaful insurance sector as the penetration rate for this sector is expected to grow to 12% by 2012 from about 7% currently.

The Group expects to see keener competition from our banking peers in the bancassurance business, given the likelihood that the financial services industry will diversify revenue streams into bancassurance to beef up their earnings in light of the present operating conditions.

In the area of wealth management, there remains ample opportunity for further growth. The high net worth market segment in Malaysia has emerged comparatively unscathed from the recent global economic turmoil. We are intensifying our efforts to further tap this target segment in the wealth creation, mortgage and funding domains. We will also continue to increase the capacity of our relationship bankers both in terms of quantity and quality, and extend our reach to provide our customers the unique value propositions available only at Maybank.

With the anticipated recovery in the country's economy, other retail loans, such as unit trust and salary loans among others, are expected to grow commendably as we continue to introduce new products to cater to the needs of the various and diverse consumers in Malaysia.

Business Banking

Maybank's strength in Business Banking is owed to our extensive reach, excellent customer service as well as competitiveness of our products.

Maybank's Business Banking sector facilitates Malaysian businesses in becoming domestic and regional champions. Following a restructuring exercise during the year, the sector currently comprises two distinct segments, namely Small & Medium Enterprises (SME) representing 21.1% and Commercial representing 8.2% of the Bank's total loan portfolio.

Our SME segment caters to business enterprises with turnover of less than RM25 million (with the exception of certain industries). On the other hand, the Commercial segment caters to business enterprises not listed on Bursa Malaysia and are not SMEs by definition.

Our SME portfolio consists of approximately 34,000 borrowers contributing towards 72% of the Business Banking loan portfolio.

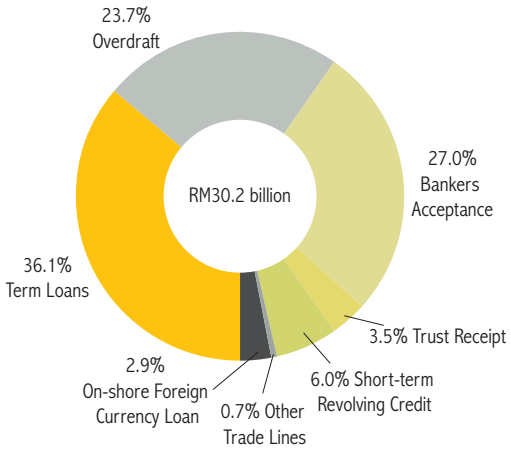
Performance Review

In the 2009 financial year, SME and Commercial loans and advances contracted by 8.9% compared to the previous financial year due to a reduction in manufacturing and trade activities as a result of the global economic downturn.

During the year under review, Business Banking recorded a profit before tax of RM0.88 billion. This accounts for a contribution of 20.4% to the overall Group profit before tax. The drop in profit before tax compared with the previous financial year was largely due to lower loan assets and reduction in revenue from deposit interest arising from downward revisions in the Overnight Policy Rate (OPR).

The loan type product mix for Business Banking is balanced with 36% in loans, 29.7% in overdraft and short-term credit and 31.2% in trade financing lines.

Business Banking Portfolio Analysis by Product Type



In line with the Government's on-going effort to promote SME development and enhance access to financing for SMEs, Business Banking has continued to provide financing to SMEs for working capital, capital expenditure and business expansion needs. The key sectors of manufacturing, wholesale and retail trade, restaurants and hotels with sizeable SME participation accounted for more than 50% of Business Banking's total portfolio.

Operations Development

Business Banking carried out an organisational restructuring during the year which resulted in the separation of SME and Commercial segments from the Corporate segment. This restructuring involved the realignment of our organisational structure for better customer focus and effectiveness.

Our loan origination process was re-engineered to enhance efficiency and further facilitate growth of our loan base. We are also in the process of integrating our existing electronic cash management service to include trade finance by end 2009 and treasury services at a later date. This will offer greater ease and convenience to our customers. Clearly, this shift in approach underscores the potential the SME and Commercial markets hold for the Group.

The year also saw the creation of a dedicated Entrepreneurial Development Department which reflects the Group's commitment to support the Bumiputera and other small business segments in the face of economic challenges locally and globally. Being ever-mindful of the need to manage risk in all aspects of the Group's business streams, a dedicated Risk Management Department was set up to review and manage the business and operational risks of the sector.

SME Management in Times of Crisis

The SME segment was among the worst hit by the global economic downturn. Hence, it was crucial that Maybank takes a proactive approach in managing and assisting our SME clientele closely to ensure that they are able to weather the economic storm. In turn, this would also help us better manage our overall risk. Towards this end, our Business Banking sector had initiated the following portfolio management strategies during the year:

- Deepen our relationship with existing customers who have proven to be committed and prudent in running their businesses.
- Focus our efforts on proactive loan restructuring and rescheduling for customers impacted by the economic downturn.
- Promote BNM's stimulus loan packages.
- Focus on developing specific financing solutions for SMEs during these challenging times.
- Continually enhance our operational and credit risk management activities.

Entrepreneurial & Bumiputera Development

The Entrepreneurial Development Department in the past year organised numerous financial conferences, loan clinics and courses for Bumiputera and other entrepreneurs nationwide. These events were designed to help give them a better insight into the current economic situation, as well as provide advice on cash flow management and methods to mitigate interest rate and foreign currency risks. The bank also shared the financing options available in the form of soft loans, grants and guaranteed financing schemes.

The department intensified the Group's collaboration with Government ministries, agencies and Government-Linked Companies (GLCs) to help develop capable Malaysian entrepreneurs. It also continued to serve as a Panel Trainer for the Franchise Training Programme. The bank evaluates viable franchise businesses, procedures and criteria for financing under the franchise business schemes.

Maybank also collaborated with the Business Council for Sustainable Development in Malaysia (BCSDM) to educate SMEs on the need to adopt corporate social responsibility (CSR) practices in their daily business operations as a prerequisite for participation in the global supply chain.

Loan Products

Maybank's strength in Business Banking is owed to our extensive reach, excellent customer service as well as competitiveness of our products.

Our industrial and commercial lending product, the Indus^{3}Comm, is an asset acquisition financing package with an option to incorporate trade lines. Indus^{3}Comm comes with competitive rates for selected prime locations. The package offers high margin of advance of up to 200% for trade finance facilities, and a wide range of financing combinations to suit the borrower's needs. As a result, the total number of loans for this product package increased by 50% over the previous financial year.

Contract Financing is a product tailored for supply and construction contracts. It requires only a minimal upfront financial commitment from the SME. We provide a total financial solutions package to these contractors, from preliminary works to the completion of the project, with structured repayment procedures that greatly lessen the financial burden of these contractors. Performance of the contract financing package is expected to improve as the Government continues to roll out its RM80 billion infrastructure projects under the economic stimulus packages.

Collateral Management Arrangement is the first structured commodity-based loan by a local bank. It is a solution tailored to meet the needs of commodity producers, manufacturers and trading companies. It allows borrowers to pledge their hard or soft commodity as collateral with Maybank and in return, obtain financing for working capital.

Maybank also offers Factoring, an alternative financing option for SMEs which is a non-collateralised facility that provides advances on sales invoices for companies.

Government Aided Loans & CGC Guarantee Schemes

Maybank has always supported every Government initiated scheme. In March 2009, the Working Capital Guarantee Scheme and Industry Restructuring Financing Scheme were introduced by the Government to assist Malaysian SMEs. Maybank was the first to launch a nationwide advertising and direct marketing campaign to publicise the availability of these schemes. As a result, Maybank outdid its competition to achieve pole position with over RM1 billion in loan commitments approved.

We also have strong collaboration with EXIM Bank of Malaysia to provide end-to-end financing, from tender to the completion of projects, for contractors who are awarded projects overseas under the EXIM Overseas Guarantee Facility (EOGF) scheme.

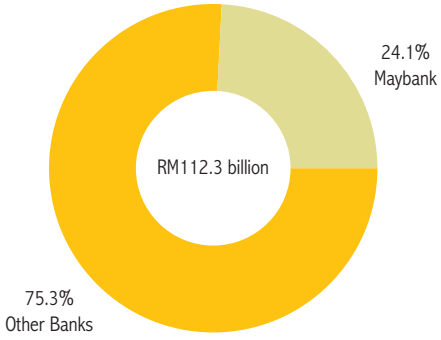
Under the Multi Currency Trade Finance (MCTF) scheme, Maybank provides pre and post-shipment financing for trade transactions. This is in collaboration with EXIM Bank, which guarantees between 75% and 100% of any losses incurred from the insolvency of the direct exporter.

Maybank Group was also involved in processing and approving 18.5 % of the loans underwritten by the Credit Guarantee Corporation Malaysia Berhad (CGC) in 2008. As a result of our unwavering support and commitment, CGC awarded Maybank with two accolades – Top SMI Supporter Award 2008, for the 14th year running and Best Financial Partner Award 2008.

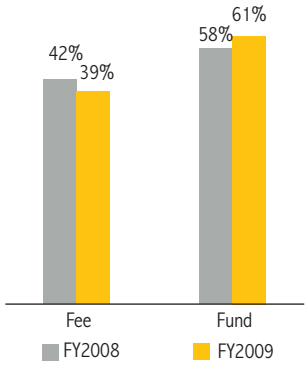
Trade Finance Business

Maybank's extensive network has enabled the Group to be active in the global trade financing scene. At the end of our financial year, Maybank's total trade finance portfolio stood at RM27 billion. Overall, our trade finance segment leads the industry with a 24.1% market share. This is the result of our ability to tailor solutions according to the specific requirements of our customers.

Maybank's Trade Finance Market Share vs Other Banks



Trade Finance Fee & Fund-based Earnings



Innovative and strategic decisions are made based on our established in-house databank that provides business intelligence and allows us to identify customer preferences and competitive sales information to optimise service delivery, pricing and product placement. It makes customer-specific trade solutions possible apart from the usual products and services.

Our superior Trade Finance services continue to receive awards and international recognition during the year, namely Best Trade Finance Bank by FinanceAsia, Best Local Trade Bank in Malaysia by Trade Finance Magazine and Alpha SEA Best Trade Finance Bank Award.

Electronic Banking Solutions

The flagship B2B cash management system from Maybank, Maybank2e.net, remains a sought-after solution as it maintains its cutting-edge lead in managing complex financial supply chain and working capital activities under a well-integrated platform. The system has expanded its capabilities and currently contains six different modules: Information Management, Payables Management, Receivables Management, Liquidity Management, Financial Supply Chain and Corporate Services.

With the completion of the latest module in March, the cash management system is now ready to expand its customer base of over 12,000.

Maybank2e.net will soon enable trade transactions online. The Enterprise Trade Finance project was initiated to enable integration of cash and trade on Maybank2e.net. The best of its class trade finance solution, once completed, is expected to offer 29 products in both conventional and Islamic options.

The cash management front is becoming increasingly demanding where companies have to efficiently manage liquidity across their businesses. A strong testimony to our commitment is the number of awards accorded by international organisations to Maybank2e.net including FinanceAsia Best Cash Management Bank Country Award 2009, Best Cash Management Bank for Malaysia Asset Triple A Transactional Banking Awards, Best Local Currency Cash Management Services 2008 Award by AsiaMoney Polls and Alpha SEA Best Cash Management Bank Award.

Prospects

Business Banking will continue with on-going efforts to improve customer relationship management efforts and delivery efficiency to meet the specific requirements of our diversified customer base.

The sector expects to further grow our SME segment via innovative total solution packages that provide flexibility and peace of mind to our customers. We will also be embarking on LEAP30 initiatives to upgrade our business model to further improve efficiency.

It is essential for the Group to continue keeping a firm eye on asset quality and manage risk prudently. With the expected economic turnaround, we are confident that our Business Banking sector will continue to pick up momentum.

Corporate Banking

Corporate Banking has embraced a holistic client coverage model to deliver a comprehensive financial solutions package to our valued customers.

Maybank's Corporate Banking was established as a separate sector on 15 October 2008 as the result of the merger between our Investment Bank's Corporate Investment Banking segment and Business Banking's Corporate Business segment.

The new Corporate Banking's main focus as a one-stop financial solutions provider, is to further enhance our product offering to cater to both the local and regional needs of customers. In our effort to tailor specific solutions to meet the needs of the diversified market, Corporate Banking is divided into three business groups consisting of GLCs, public-listed Malaysian companies and multinational corporations.

In each of these business groups, we have a team of dedicated and skilled officers with vast experience in loan origination, trade finance, project finance and capital market instruments to advise and deliver innovative financial solutions to meet our customers' needs.

Financial Performance

Corporate Banking recorded a robust 18.3% loan growth on a year-on-year basis, mainly attributed to the strong demand from large corporations and institutions that capitalised on the bank market for fund-raising due to the weaker capital market sentiment during the year.

The combination of experienced corporate bankers and strong credit team was the winning formula for our efficient and prompt delivery of several acquisition-linked transactions in the financial year. This has in turn, boosted our fee-based income which recorded a significant growth to 34% of our total income compared to 30% previously, generated from the traditional low-yielding products.

Corporate Banking's asset quality remained strong with a mere 1.9% ratio in NPLs at the end of the financial year.

Strategy & Initiatives

In line with Maybank Group's objective to deepen our share of the corporate customers' wallet, Corporate Banking has embraced a holistic client coverage model to deliver a comprehensive financial solutions package to valued customers.

This approach is aimed at enhancing our financial performance by stepping up the pace of cross sector co-ordination and collaboration to capitalise on our internal network and delivery channels. Effective cross-selling and superior product offering will lead to further value creation for both our customers and shareholders.

Prospects

Corporate Banking is focused on developing long-term relationships with our customers by gaining a thorough understanding of their businesses and the competitive environment in which they operate. We will continue to review and embark on innovative and effective business strategies to meet the ever-evolving needs of our corporate customers.

Our customers are growing beyond traditional borders and are now operating in complex international environments. As the industry landscape changes, Corporate Banking will continue to engage and grow with our customer base as they venture abroad. We are no longer content with being a lender of choice, instead we are committed to being business enablers and partners to our corporate customers.

Moving forward, Corporate Banking will continue to champion Maybank's aspirations to be a top tier regional bank with undisputed leadership in Malaysia whilst being recognised for delivering innovative and superior value proposition to our customers.

Global Markets

With Global Markets, the Group can simultaneously implement capital market strategies to garner greater market share and create the foundation to achieve regional excellence.

In line with the Group's aspiration to become a leading regional financial services provider, the Group has revamped its Treasury sector structure and renamed it Global Markets in May 2009. Based on this new business model, Global Markets falls under the Maybank Investment Banking umbrella and provides the cohesion required for regional expansion of Maybank's Investment Banking sector.

Financial Performance

For the year ended 30 June 2009, Global Markets achieved a profit before tax of RM1.05 billion in comparison with RM620.3 million achieved in the previous year. The sector's overall contribution to the Group's profit before tax and impairment grew significantly to reach a new threshold of 33%.

This sterling performance was due to a multitude of factors including falling interest rates, good asset quality and the ability to analyse capital markets efficiently to capture any volatility.

Global Markets also continued to play a pivotal role in supporting both Consumer and Business Banking strategies from an asset and liability perspective. Capital protected structured investment products were on the rise and increased volatility in foreign exchange and interest rate movements had resulted in a corresponding growth in corporate hedging activities.

Effects of the subprime crisis in Europe and the United States were also experienced in Asia with rating agencies downgrading countries and banks in this region. Fortunately, Asian banks were able to avoid the toxic fallout with minimal exposure in subprime assets.

Liquidity remains abundant and no major re-capitalisation issues have yet to surface. Additionally, the completion of Maybank's rights issue puts the bank in very good stead for future expansion without entering the current volatile credit market.

The completion of the acquisition of BII at the end of 2008 also solidified Maybank's presence in the Asian region. With sizeable balance sheets in Singapore, Jakarta, Manila and Hong Kong, the Group was able to offer corporate solutions that were specifically tailored to meet individual clients' needs.

Simultaneously, the on-going implementation of a seamless Straight Through Processing (STP) Treasury Risk Management System across the trading centres of Global Markets will reduce operational costs while enabling global management of risk and credit exposures.

Prospects

With Global Markets, the Group can simultaneously implement capital market strategies to garner greater market share and create the foundation to achieve regional excellence. Global Markets will operationalise in phases and eventually span the globe from major financial centres such as New York, London, Singapore, Malaysia, Hong Kong and the Philippines.

Islamic Banking

Maybank Islamic is currently the largest provider of Islamic financial services in the Asia Pacific region and ranked 10th among the world's Islamic financial institutions in terms of Shariah-compliant assets.

Financial year 2009 marked the second year that Maybank Islamic Berhad (Maybank Islamic) operated as a wholly-owned, full-fledged licensed Islamic bank of the Maybank Group. With Maybank Islamic, the Group is not only strengthening its brand and position as the leading Islamic financial services provider in the region but also moving closer to achieving its long-term vision of being a world leader in Islamic banking.

Since its establishment, Maybank Islamic has demonstrated significant business growth which clearly reflects the Maybank Group's 16 years of in-depth expertise in Islamic financial products and services. Maybank Islamic is currently the largest provider of Islamic financial services in the Asia Pacific region and ranked 10th among the world's Islamic financial institutions in terms of Shariah-compliant assets.

Maybank Islamic dominates the domestic Islamic banking industry, with a market share in Shariah-compliant assets, financing and customer deposits of 16%, 23% and 19% respectively as at June 2009.

Financial Performance

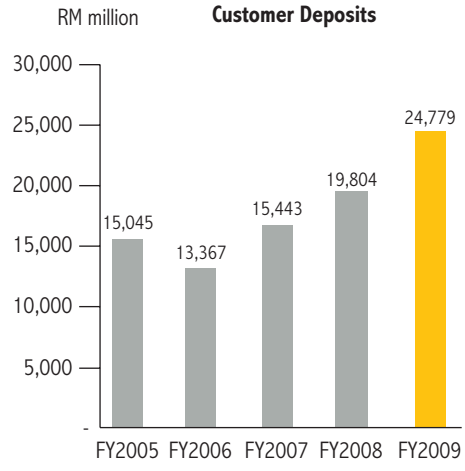
The Group's Islamic banking operations registered a revenue of RM1.34 billion in comparison with RM1.06 billion in the previous corresponding year and achieved a commendable profit before tax and zakat (PBTZ) of RM482.1 million for the year under review. The PBTZ was a significant increase from RM273.2 million registered in the previous year and accounted for 29% of the Group's profit before tax for the financial year.

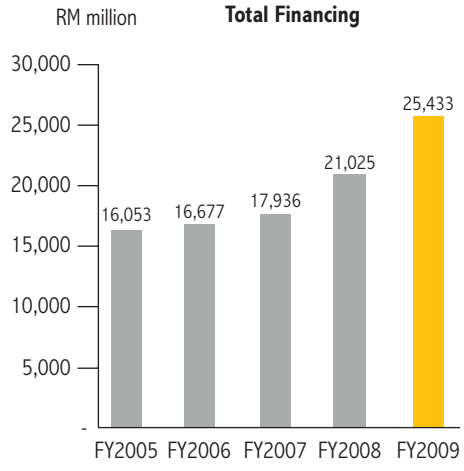
In addition, the Group's Shariah-compliant assets increased by RM6.5 billion from RM28.2 billion at end of the 2008 financial year, to reach RM34.7 billion for the year in review.

The Islamic financing portfolio during the year expanded by RM4.4 billion, reflecting an increase of 21% on a year-on-year basis, to reach RM25.4 billion. Islamic financing constitutes 14% of the Group's total loans, advances and financing.

The expansion of the Group's Islamic financing assets was driven by Maybank Islamic, which registered a strong growth in Islamic automobile and unit trust financing. Maybank Islamic's financing portfolio comprised 70% consumer and 30% business financing at the end of June 2009. Islamic customer deposits also grew by RM5.6 billion, representing an increase of 30% from RM18.7 billion recorded in 2008 to RM24.3 billion in 2009. Islamic customer deposits represent 12% of the Group's total customer deposits.

Low cost demand deposits and savings accounted for approximately 45% of total Islamic customer deposits. Maybank Islamic's customer deposits consisted of 44% and 56% funds mobilised from consumer and business segments respectively as at end June 2009.





The quality of Islamic financing assets remained strong and improved with a net non-performing financing ratio of 1.88% as at end June 2009 against 2.62% in the previous corresponding period.

As a separate entity, Maybank Islamic is adequately capitalised with a core capital ratio of 9.84% and a risk-weighted capital ratio of 11.55% as at end of 2009.

New Products & Services

The Group made substantial progress in product development and innovation in line with its leadership position in the industry, to better meet the requirements of clients in various segments of the community. Strong emphasis continued to be placed on developing innovative products based on Shariah contracts which have been well-received by the international community.

In Consumer Banking, the Ikhwan Islamic credit card was introduced to offer greater flexibility to retail and individual consumers in managing their cashless purchases and payments. A new deposit product catering to senior citizens, called Golden Savers-i, was also launched to provide retirees and pensioners a higher return on investment.

Another deposit product based on the Murabahah principle, called Profit Now! Account-i, was introduced with fixed investment return and upfront dividend payment features to provide both individual and business depositors with greater peace of mind.

To complement the range of products for the SME, business and corporate segments, Maybank Islamic during the year introduced new products that offer the business community wider access to financing and flexible payment options for any business life-cycle. These include the new Term Financing-i, based on the concept of Murabahah and Musyarakah Mutanaqisah, and Commercial Industrial Hire Purchase-i, based on the concept of Ijarah Thumma al-Bai, for acquisition or financing of commercial machinery, equipment and vehicles.

Maybank Islamic also launched a micro-credit channeling financing scheme in collaboration with Koperasi Wawasan Malaysia Berhad (KOWAMAS) to provide the cooperative members, who are mainly civil servants, with access to personal financing with fixed payment features.

On the wealth management front, the Group distributed several close and open-ended structured Islamic deposits during the year including Murabahah Gems Structured Deposit, Hong Leong Shariah Inflation Select Funds and Maybank As-Sayf which received the Best Islamic Structured Product in Asia Award by FinanceAsia.

The Maybank Group continued to receive local and international accolades during the year for its Islamic banking and financial services. The Group's Islamic banking business was named the Best Islamic Trade Bank in Asia by Euromoney and received the Gold Award for Islamic Financial Services by Reader's Digest. Also, Maybank Islamic received the Most Outstanding Islamic Retail Banking Award at the 2008 Kuala Lumpur International Islamic Finance Forum (KLIFF).

Marketing & Promotions

With a reach that expands significantly each year, the Group through Maybank Islamic continued to play a pivotal role in supporting BNM's drive to position Malaysia as a leading international Islamic financial centre, by participating in numerous domestic and overseas roadshows, conferences and expositions during the year.

For the sixth consecutive year in May 2009, we participated in the Malaysia International Halal Showcase (MIHAS) held at MATRADE. Maybank Islamic, under the Maybank Group umbrella, also was the Premium Sponsor of Minggu Saham Amanah Malaysia (MSAM), a yearly event organised by Permodalan Nasional Berhad (PNB).

During the year, the Group launched a deposit campaign Save Big & Win Big, based on Islamic and conventional banking, which was aimed at increasing deposit contributions from retail and individual customers. Additionally, Maybank Islamic also introduced a unit trust campaign – ASB Labur & Menang, to provide the Bumiputera community with an opportunity to accumulate long-term wealth through a unique financing arrangement.

Branch & Delivery Channels

Presently, Islamic products and services are primarily distributed through 12 Maybank Islamic branches as well as over 400 Maybank branches, private banking centres, automobile financing centres, business centres and trade finance centres nationwide. Maybank Islamic will continue its efforts to entrench its brand presence within the domestic community by opening more branches nationwide with the aim of having at least one branch in each state.

Prospects

The Group intends to strengthen its brand and position in the Islamic financial services industry by consolidating all its Islamic banking and finance business under Maybank Islamic, which is viewed as a catalyst to achieve its long-term vision of being the world's leading integrated Islamic financial solutions provider.

Despite the challenges expected in the year ahead, Maybank Islamic is optimistic that the on-going global financial crisis will not dampen the growth of the domestic Islamic banking industry, with signs already indicating that the global economy may be recovering.

The domestic Islamic banking industry is set to achieve its target of 20% contribution to the overall banking sector's assets by 2010, from its current 18%, in view of the strong demand for Islamic banking and financial services.

For its new financial year, Maybank Islamic expects to maintain its return on average equity above the level registered in 2009 and to continue achieving a double-digit growth in assets and customer deposits.

Investment Banking

Maybank IB has recently restructured itself into a 'pure-play' investment banking entity focusing on delivering optimal solutions for its esteemed clients. Optimality of solutions is defined as holistic, bespoke and more often than not, new and innovative solutions for clients.

Maybank Investment Bank (Maybank IB) demonstrated resilience in the face of the worst global financial crisis in over seven decades, and continues to grow even stronger. In the financial year ended 30 June 2009, Maybank IB posted commendable financial performance whilst undertaking a major transformational journey to achieve our vision of becoming the leading investment bank in Malaysia and the region.

New Focus for the Future

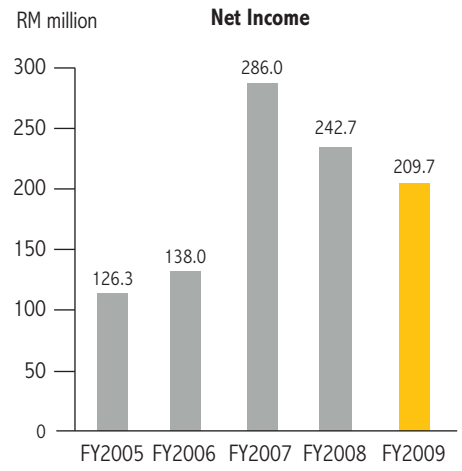
During the financial year under review, Maybank IB introduced its new senior management team in November 2008, with a new Chief Executive Officer and Head of Investment Banking Division, together with a team of about a dozen professionals via the acquisition of BinaFikir, a boutique advisory house. Today, Maybank IB has enhanced its senior management teams in Islamic Markets, Corporate Finance, Equities (Brokerage), Research, Equity Capital Markets, Strategic Advisory, Private Equity and Venture Capital and has appointed a Chief Financial Officer and Chief Learning Officer. In the area of human capital, Maybank IB has indeed been a major beneficiary of the recent global financial crisis as it was able to recruit several top talents from foreign, global investment banks. This new senior management team, when combined with the vast experience and skill of the existing management team covering Debt and Debt Capital Markets, form a formidable senior management line-up to lead us to an exciting future of unbounded growth and unparalleled local and regional success.

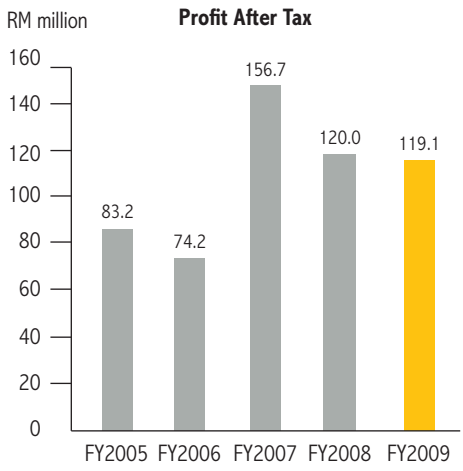
As such, we now have a new identity, and on 12 January 2009 we changed our name from Aseambankers Malaysia Berhad to Maybank Investment Bank Berhad, or Maybank IB. This name change signifies the optimism of a new beginning for Maybank's investment banking business, fortified, charged and led by the best combination of local and global talent, and backed by the nation's largest balance sheet that is Maybank. As a natural consequence, we have embraced a new motto, "Realise Opportunities", where the intended *double entendre* (double meaning) exemplifies our innate ability to not only find hidden and subtle opportunities but ultimately to convert them into reality and profitability for our valued clients.

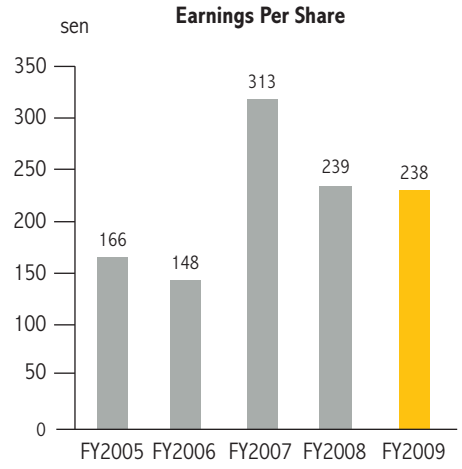
Financial Performance

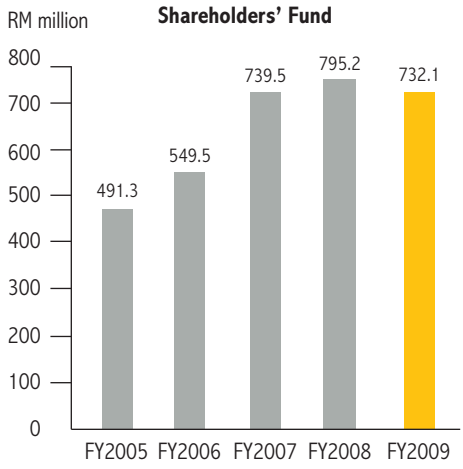
Maybank IB's resilience can be seen from its net earnings position of RM119.1 million for the financial year ended 30 June 2009 which is only marginally lower than the corresponding figure of RM120.0 million from the previous financial year. This is despite a decrease in total net income for the financial year under review to RM209.7 million from RM242.7 million (a decrease of 13.6%). This resilience is the result of the hard work and effort to shore up our financial performance throughout the year which has yielded results especially in the last quarter of the year, and is further contributed by improved cost management and enhanced tax planning initiatives.

Maybank Investment Bank 5 Year Growth









Equities & Research

The year 2008 and the first quarter of 2009 was a harrowing time for the global capital markets. The rout did not spare our local markets and our stock markets tumbled; from its peak of 1,516 on 11 January 2008, the benchmark index, FTSE Bursa Malaysia KLCI (FBM KLCI), formerly Kuala Lumpur Composite Index, plunged to a four-year intra-day low of 801.27 in late October 2008. Thereafter, the index remained range-bound with low trading volumes, between 850 and 910 until early April 2009. The FBM KLCI, however, staged a strong recovery and breached the 1,000 mark the following month. It closed at 1,075.2 at the end of the financial year under review. Hence, for much of the financial year under review, Maybank IB's equities division was affected by low and declining trading volumes. At our mid-year point of December 2008, the dire market conditions then led to Maybank IB equities division posting a cumulative loss but with the efforts and unwavering attitude of perseverance of the team, Maybank IB equities division was able to post a commendable full year pre-tax profit of RM16.4 million for the year ended 30 June 2009.

Our Equities franchise was significantly enhanced during the financial year under review by the recognition of excellence of our Research team as they bagged key accolades from The Edge – Lipper Polls Awards being; Best Equity Research House, Best Strategist and Best Economist. Key analysts from our Research team also won several top three positions in several industry categories such as Consumer, Oil & Gas, Plantations, among others for the calendar year 2008.

Corporate Finance & Investment Banking Advisory

Maybank IB concluded several notable deals totaling RM24.4 billion during the period under review. Of these, merger and acquisition transactions were valued at RM16.1 billion.

We are proud to highlight the successful execution and implementation of the largest rights offering of RM6 billion in Malaysia for Maybank. Apart from this landmark exercise, a number of other substantial transactions and advisory services with a transaction value of approximately RM19.4 billion were concluded during the year.

The prominent transactions include advisory services to Maybank on RM10.7 billion worth of fund-raising and securities issuances, to shore up its capital base.

Debt & Islamic Markets

Maybank IB continues to maintain its position as the leading debt house, having successfully arranged a total of nine domestic transactions during the year under review with nominal values of RM6.9 billion and an offshore transaction with a nominal value of about RM1.4 billion. Our dominance was exemplified when RAM Rating Services Bhd ranked Maybank IB as the No. 1, leading investment bank for conventional and Islamic bond issuance by issue value, as at 31 December 2008 while Malaysian Rating Corporation Bhd (MARC) named Maybank IB as the top two Lead Managers in Islamic Sukuk by issue count and issue value categories in 2008.

Maybank IB also won the Most Innovative Islamic Finance Deals award by The Asset in the Inaugural Islamic Finance Awards for the Cagamas RM2 billion Sukuk Commodity Murabahah, which was part of the RM60 billion Islamic and Conventional Commercial Papers and Medium Term Notes Programme.

In the fledgling but exciting area of regional Sukuk issuance, we are proud to be appointed as the International Co-Manager for the maiden sovereign issue of global Sukuk for the Government of Indonesia. The Sukuk transaction amounting to USD650 million (about RM2.27 billion) was issued via Perusahaan Penerbit SBSN Indonesia in April 2009.

For Maybank, we are proud to highlight our efforts in arranging the RM4 billion (or its equivalent in other currencies) Innovative Tier 1 Capital Securities (IT1CS) Programme for Maybank in August 2008. The IT1CS Programme is the first Innovative Tier 1 issuance in Malaysia that was structured in the form of a multi-currency programme.

From this multi-currency IT1CS Programme, Maybank IB distributed SGD600 million IT1CS in Singapore's capital market and issued another RM1.1 billion IT1CS in Malaysia. Both issuances received overwhelming demand and were oversubscribed by investors.

Strategic Direction & Prospects

Maybank IB has recently restructured itself into a 'pure-play' investment banking entity focusing on delivering optimal solutions for its esteemed clients. Optimality of solutions is defined as holistic, bespoke and more often than not, new and innovative solutions for clients. Such a solution methodology is borne from an exhaustive research-based study of the clients' needs and environment, whilst applying the very best of structuring and product knowledge with financial modeling expertise, to ensure that the solution is indeed optimal for the client, and can be demonstrated as such. As at mid-October 2008, the investment banking division in Maybank IB is wholly focused on delivering value-add advisory and structuring services, in product areas such as Restructuring and Re-organisations, Mergers and Acquisitions (M&A), Equity and equity-linked fund-raising and issuances, and structured solutions in Debt and Islamic loan and capital markets. Traditional product divisions such as Debt Markets and Islamic Markets, have been enhanced further by the infusion of top talent and specialists to provide innovative structures and solutions for clients.

Maybank IB also has a new division called Strategic Advisory, arising from its recent purchase of BinaFikir. Strategic Advisory greatly enhances the advisory capability of Maybank IB into new, hitherto unchartered territories such as Private-Public Partnership Advisory, and Corporate Strategy definition and development. These advisory products form an 'upstreaming' strategy for Maybank IB where we would be closely involved in new business horizons for our clients, and help them shape their respective strategic, funding and even transaction execution plans from the ground up. Due to our involvement from Day 1 in such strategies, Maybank IB would then be in a position of advantage for the eventual fund-raising arrangement and funding of such plans as well as for M&A or Corporate Finance advisory for such planned transactions to be executed. The funneling of these upstream mandates into the more traditional IB mandates has already yielded some revenue pick-up for us during the final quarter of the current financial year, and we look forward to more robust deals in our pipeline.

In the area of equities, Maybank IB intends to extend its reach and presence through deeper penetration of market share in both the wholesale and retail markets. A simple formula of best talent acquisition, together with a holistic customer acquisition strategy leveraging on Maybank's key strength of delivery channel reach in terms of branch presence, and its ubiquitous and ever-popular Maybank2u.com Internet platform, would see Maybank IB achieve its intended medium-term target to be one of the leading securities house in the country.

Regionalisation is a key strategic thrust for Maybank IB, and we intend to fully leverage on Maybank's presence in key growth markets such as Indonesia, Pakistan, Singapore, Vietnam and the Philippines. Cross-border deals are now part of the hunt for Maybank IB as we ready our teams of suitcase bankers to pursue major transactions in the region. Similarly, Maybank IB fully intends to obtain securities licences in key geographic markets to enable us to fully participate in primary origination and distribution of capital market issuances, as well as to conduct brokerage in secondary trading of securities. Maybank IB also intends to fully tap into the growing megatrend of international brokerage from local investors, keen to participate in the attractive returns of foreign markets, with their vast array of products and ample liquidity.

Proprietary Investments is also heralding a return as a key strategic initiative for Maybank IB. In this regard, it intends to fully transform its associate Maybank Ventures into a full-fledged Private Equity (PE) and Venture Capital entity, under the management supervision of Maybank IB. The global crisis presents many opportunities in proprietary

investments, especially given the current relative entry valuations, for those who are discerning and fleet-footed. Maybank IB intends to fully capitalise on such opportunities and has begun to build a new platform of PE through a combined strategy of hiring key talent and establishing partnerships with global PE organisations.

Last but not least, Maybank IB realises that its most important element of capital lies in its human and intellectual capital. The ability of Maybank IB to attract and retain local, regional and global top talent would be the critical success factor to ensure the achievement of our vision to be one of the region's best. Maybank IB has commenced a holistic talent management and performance rewards programme to ensure that only the culture of meritocracy prevails. Maybank IB has also embarked on a comprehensive framework of human capital development, centred around knowledge management, training and skills development of every individual in our organisation. Maybank IB has recently been recognised as one of the Approved Training Employers by the Institute of Chartered Accountants of England and Wales to train aspiring young apprentices to become English Chartered Accountants. Maybank IB also has similar sponsorship programmes for other accounting qualifications such as ACCA and CIMA, as well as the Chartered Financial Analyst programme or CFA. Maybank IB has also recently institutionalised the entire learning process throughout our organisation and has appointed a Chief Learning Officer with the mandate to ensure that Maybank IB provides the best place to learn, develop and grow new and best talent in the industry, our contribution to development of resources, skills and expertise for the market.

Insurance & Takaful

To further accelerate the growth and realisation of our aspirations to become the National Insurance Champion, Etiqa has embarked on a new programme called Etiqa Strategy Plan (ESP).

Etiqa continued to stay true to its brand idea of Humanising Insurance and Takaful by going back to the basics, through clarity, simplifying of processes, good conscience, and ultimately, by placing people over policies.

A diverse range of Life and General insurance as well as Family and General Takaful plans are available through Etiqa's multitude of distribution channels. Etiqa boasts a solid agency workforce comprising 21,916 agents located throughout the country, supported by a total of 36 branches to serve customers nationwide. Etiqa also features a wide bancassurance and bancatakaful distribution network via more than 450 Maybank branches as well as a host of other third-party banks. Additionally, Etiqa maintains a strong extended network with co-operatives, brokers and institutions which translates into Etiqa being the largest homegrown insurer and takaful provider in the country.

In addition to Maybank's wide reach and its own customer hotline, Etiqa Oneline, the Group's insurer ensures that we reach all segments of the market and offer various payment modes tailored to meet individual customer preference, be it over the counter, online or via salary deduction through Biro Angkasa.

Financial Performance

Financial Highlights

During the year under review, the Insurance and Takaful segments registered a combined gross premium/contribution of RM3.6 billion, a 13% increase compared with the previous year.

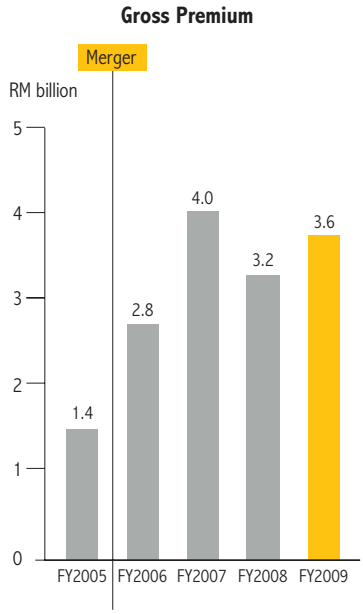
This was mainly due to the improved performance of three product classes, namely Regular Premium, Group Life and Motor. As a result, Etiqa managed to secure pole position in the market in both Life/Family New Business Premium and General Insurance/Takaful Gross Premium as of March 2009.

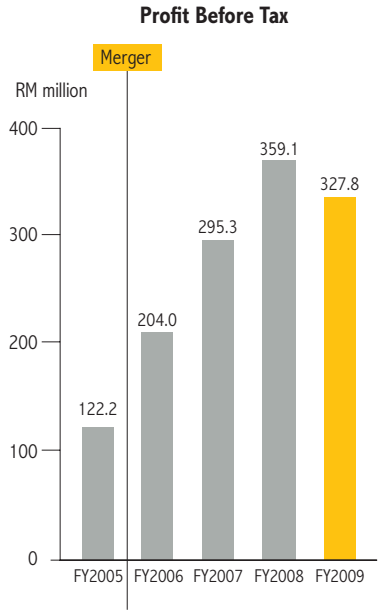
The Life/Family business grew by 14%, registering a growth in all product classes, with the exception of Single Premium Investment Linked, which was shelved due to the economic downturn and resulting unfavourable stock market performance.

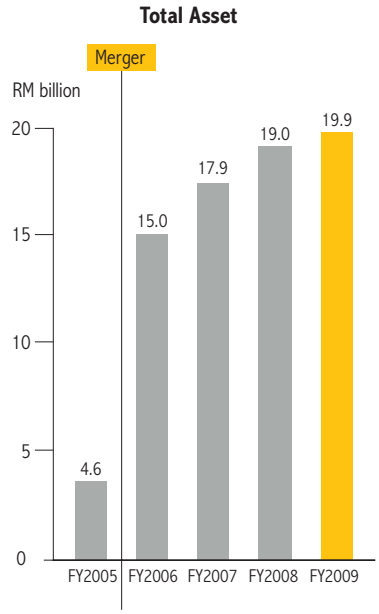
General business rose by 10%, primarily given the 25% increase in Motor class. The remaining classes also registered growths in the gross premium/contribution except the Marine, Aviation & Transit (MAT) class which was impacted by the tough economic climate. The General business portfolio continued its market leadership in claims, with the claim ratio still below the industry average of 65.6% but having deteriorated to 59.6% from 50.4% last year.

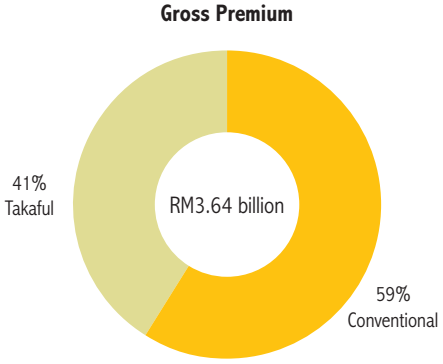
The Takaful business continued its positive momentum, increasing 41% over last year, with a gross contribution of more than RM1 billion. This represented a significant contribution of 41% to the top line. Together, the Insurance and Takaful segments registered a profit before tax of RM328 million, with the Takaful segment contributing 28% to the Group's profit and growing by 9% despite the challenging economic environment.

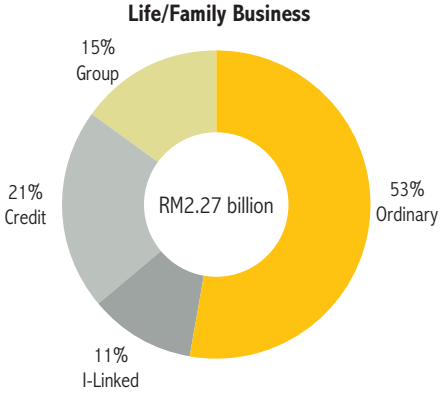
Expenses increased by 6% but it was below the top-line double-digit growth. Moving forward, more focus will be given to balancing the top-line growth and expense base.

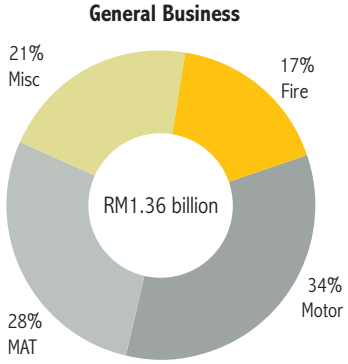












Merger Update

The three-year merger programme between Mayban Fortis Holdings Berhad, Malaysia National Insurance Berhad (MNI) and Takaful Nasional Sdn Bhd (TN) ended on 30 June 2009. The remaining 12 outstanding initiatives, which are related to the new Core Life and Core General Systems, are targeted to be launched in the current financial year.

Overall, the merger aspirations have been met. The companies have been re-branded under Etiqa, with all operations and staff integrated.

The legal merger of the insurance entities have been completed, except for Mayban Life Assurance Bhd which we are expecting to complete by June 2010.

Value Creation from Merger

The value creation achieved RM137 million against the projected RM174 million. The shortfall was attributed mainly to the lower contribution from sale of Single Premium Investment Link from the Sales and Marketing sector.

Product Achievements

To live up to its promise of excellence and variety, Etiqa offers a wide range of flexible solutions and financial planning for discerning customers. During the year under review, Etiqa successfully launched its new products which received overwhelming response. These products include MAS Travel, PersonaLady, Takaful PersonalLady, Premier Capital Income, PCI Option D (PCI True Saver) and Premier Capital Plus.

IT System

In view of the expanded scopes and complexities arising from the merger which is in its final phase, it is vital for Etiqa to further enhance its IT infrastructure in order to face future demands in its business operations. A strong IT system will also provide Etiqa with the flexibility to develop products faster. In view of global growth and expansion, criteria such as multi-currency services, multi-lingual capability, web-based access and a scalable IT solution are pivotal.

During the year various IT initiatives were identified and implemented within the framework of technology and business architecture to support the requirements for business operations locally and internationally.

Completed initiatives include the corporate website under the new Etiqa brand, implementation of the enterprise imaging and workflow solution as well as the enterprise business intelligence solution.

Initiatives that are currently in progress and targeted for completion by the next financial year include core life solution, core general solution, enterprise portal solution, contact centre solution and enterprise application integration.

Achievements & Awards

The year saw Etiqa's Takaful sector being acknowledged for its innovative and people-centric marketing approach. It was awarded the prestigious Best Takaful Marketing award at the International Takaful Awards held in conjunction with the International Takaful Summit 2008 in London and the Most Outstanding Takaful Company award at the Kuala Lumpur Islamic Finance Forum.

Additionally, Etiqa was named Best Brand in Services in Insurance and Takaful at the BrandLaureate Awards held in April 2009.

International Presence

Our international business expansion will be based on two strategies, namely strengthening current insurance and takaful business operations as well as leveraging on strategic partnership and alliances.

Etiqa Insurance and Takaful currently has presence in three countries: Singapore, Brunei and Pakistan. The Singapore operations currently offer General Insurance business and closed the year with a gross premium of RM134 million, a 14% rise albeit the slow growth in the General Insurance sector. The main distribution channel is the tied agents who

contributed 70% of the overall business. In terms of the business mix, the portfolio is well represented with Motor contributing 30%, Miscellaneous Accident contributing 48%, Fire 10%, Marine Cargo 6% and Engineering 6%.

The Singapore operations is currently serving both the personal and corporate segments of the General Insurance market. Beginning July 2009, all Mayban General Assurance Berhad's and the General Insurance business both in Malaysia and Singapore will be transacted under Etiqa Insurance Berhad. In view of this, there is a bright future for the Singapore operations to leverage on the new branding to reflect the Etiqa Way.

The Brunei operations was successfully rebranded to Etiqa Insurance Berhad upon approval from regulatory authorities. The financial year under review saw the Brunei operations achieving an excellent growth rate of 35%, with a gross premium of RM7.7 million. The Brunei operations is currently in the process of being relocated to new premises to provide better accessibility for clients.

Etiqa Takaful's presence in Pakistan via its 25% stake in Pak Kuwait Takaful Company Limited has been operating as the first takaful company in Pakistan since 2005. The joint venture company offers a wide range of businesses for corporate and retail sectors, especially in the portfolios of motor, property and marine.

The year under review was a positive one for the Pakistan operation, with gross contribution growing by 24%, net contribution revenue growing 30% and profit before tax improving by 155%. The motor business continued to be a major growth driver, contributing 74% of the business revenue.

Strategic Initiatives

Etiqa Strategy Plan

To further accelerate the growth and realisation of our aspirations to become the National Insurance Champion, Etiqa has embarked on a new programme called Etiqa Strategy Plan (ESP). The three-year programme which started in November 2008 adopts a holistic approach to position the company with a strong presence in the industry with sound infrastructure and processes to enhance top line results as well as improve operations and services to intermediaries and customers.

The ESP consists of 11 workstreams, of which three directly support the Maybank LEAP30 transformation journey.

Business HR

Although Etiqa comprises several entities, it has been operating as a single functional structure consisting of different business functions under the Head of Insurance and Takaful. This structure was formalised in September 2008 and has proven to be a robust working platform in allowing the business to operate smoothly.

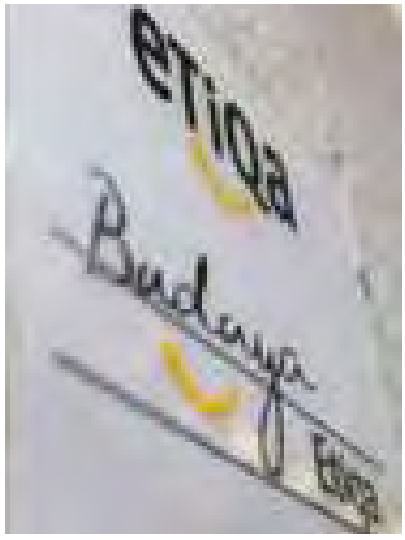
The new structure also witnessed the formation of the Etiqa Academy. The Academy's vision is to be the centre of excellence by providing effective sales, management, leadership and personal development programmes that deliver cutting-edge performance in the insurance and takaful industry.

Etiqa is also very involved in Maybank's LEAP30 initiatives for human capital development. The emphasis on talent management, performance management and leadership development will ensure a strong pipeline of high-performing talents, befitting both Maybank's and Etiqa's aspiration to be the local and regional champion in our market segments.

Prospects

The year ahead will be a challenging one for the insurance and takaful industry due to the continuing uncertainty of the global economic landscape. For Etiqa, efforts will be taken to evaluate various acquisition opportunities to accelerate local and international business expansion to further boost its presence locally, regionally as well as internationally.

With prudent and vigilant management as well as strong commitment from staff, the Group believes these challenges can be overcome and enhanced profits delivered by this sector.



International

Our medium-term goal is to fortify our franchise and become a leading financial services group. With this in mind, we will continue to tap viable growth and expansion opportunities in Indonesia, Singapore, Cambodia, Vietnam, China and the Philippines.

Maybank remained focused on its goal to become a leading regional financial services group by 2015 and further expanded its presence in 13 overseas markets.

The year saw the Group making major inroads into the Indonesian and Vietnamese banking industry by completing the acquisition of a 97.5% stake in BII and a 15% stake in ABBank. These acquisitions complemented our growing international reach which includes a 20% stake in MCB Bank of Pakistan, and our operations in Singapore, Philippines, Cambodia, China, Brunei as well as the Middle East which we have grown organically over the years.

In Cambodia, we opened two additional branches in Phnom Penh and Siem Reap respectively; as a result, our network of branches here now stands at four. We will continue to pursue organic expansion plans in this country by opening more branches in the year ahead, while we explore the possibility of new branches in Vietnam, China, the Philippines and India.

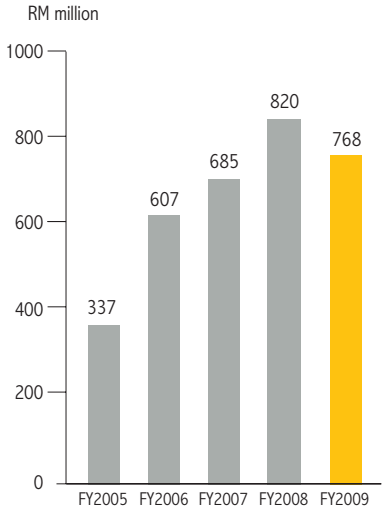
Financial Performance

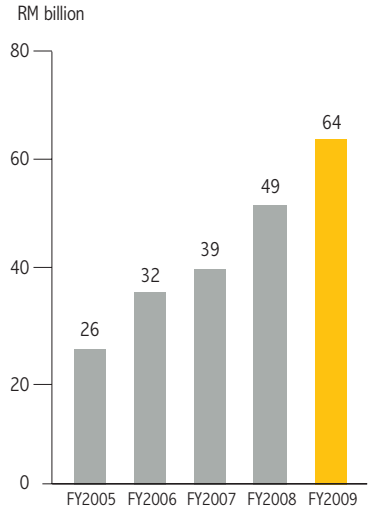
The global financial crisis and tough operating environment also had an impact on our international operations during the year. Profit before tax was RM384 million for 2009 which was lower compared with RM716 million registered in the previous year. The lower profit was the result of higher loan loss provisioning requirements in several of our overseas units. Despite this, the International sector managed to contribute 9.6% to the Group's profit before tax.

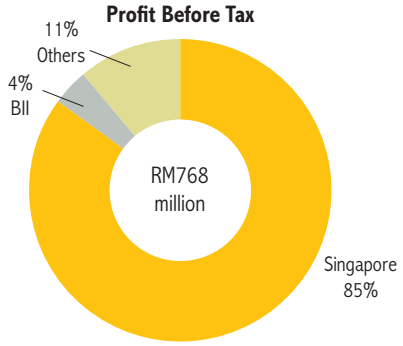
The Group also witnessed some deterioration in asset quality during the year but this was kept to a manageable level by employing focused strategies and risk mitigation measures. Our Singapore operations was able to maintain a low NPL ratio of 1.0% as at end June 2009.

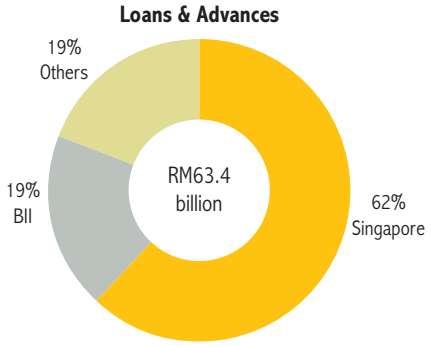
As with most financial hubs, Singapore witnessed a significant slowdown in its economy in 2008, which had a knock-on effect particularly on the financial services sector. The Group's Singapore operations, however, maintained its growth momentum by recording an increase of 12% in profit before tax and contributed approximately 88% of profit before tax to the International sector (excluding the contribution from BII).

BII in Indonesia had to operate against a backdrop of intense competition, high inflationary pressures, interest rate hikes as well as key changes in the management of the bank. Nevertheless, BII managed to ride out the storm and registered growth in several business sectors by embarking on promotional initiatives and key cost-cutting measures. With the emergence of Maybank Group as a majority shareholder, BII is well-positioned to enhance its future earnings and growth.









Our operations in other emerging countries, namely Cambodia, Vietnam and the Philippines remained resilient in the face of dampened economic activity, which had impacted the manufacturing industry, and achieved commendable growth in the year.

The Cambodian operations posted a growth in loans of more than 50% in the year, while the Vietnamese operations witnessed a 20% increase in loans booked and Maybank Philippines Inc. posted a 10% increase. These achievements translated into an improved bottom-line but at a slower rate due to the liquidity crisis and higher borrowing costs.

Operations

In view of the challenging operating environment, the International sector approached markets selectively and undertook proactive measures to re-price assets and re-balance portfolios.

The Group placed much emphasis on account management activities to preserve asset quality and redeployed resources to more pressing areas which in turn enabled us to enhance monitoring and collection efforts. All business units also initiated waste-cutting measures such as reprioritisation of non-critical expenditure.

Additionally, the year saw us diversifying our range of product and service offerings in the overseas markets.

Among the highlights was the debut of the maiden structured trade finance business transaction at our Hong Kong branch. In Brunei, we successfully launched a new financial product, Indus^{3}Comm, to provide options to customers in need of financing for commercial property. The first-of-its-kind in this market, the product offers unique financing solutions with a variety of facilities to suit the diverse requirements of enterprise and business customers as well as individuals.

Plans are also underway to support our operations in the Philippines, Vietnam and China for expansion. Through our investment banking arm, the Group is in the process of developing our Islamic capital market capabilities from our Bahrain branch.

One of the sector's main priorities in the year ahead will be to improve the performances of our branches in the financial hubs of London, New York and Hong Kong amid what is still a volatile market. The challenge will be in anticipating and seeking out new opportunities in spite of the difficult environment.

Maybank Singapore

Maybank Singapore was among the six foreign banks to have been granted the Qualifying Full Bank (QFB) status by the Monetary Authority of Singapore which allows us to fortify our position further. We have built a strong presence here with an established franchise in the consumer, business, Islamic and online banking arena. Maybank Singapore is also the Group's largest overseas unit in terms of assets.

Maybank Singapore contributes approximately 60% to the Group's total international loan portfolio. As a trail blazer in organisational excellence, we are the first in Singapore's banking industry to have achieved triple certification for business excellence: Singapore Quality Class (SQC), Service Class (SC) and People Developer (PD). While SQC recognises commendable business performance in various segments including planning, processes and results, SC and PD are awarded respectively for excelling in customer service capabilities, and managing as well as developing people. We also won the Work-Life Excellence Award in 2008.

The Group is equally focused on making a positive difference among the local community as a conscientious corporate citizen. During the year, the official opening of two new branches – Jurong Point and Yishun, enabled Maybank Singapore to commence our corporate social responsibility programme. Maybank Singapore staff hand-made 5,000 roses from recycled paper and raised SGD5,000 for needy students and in conjunction with Earth Month, 80 staff adopted the role of energy auditors and dispensed energy-saving tips to over 1,000 households.

Singapore Operations Headquarters

Bank Internasional Indonesia

BII has emerged as our next key international business unit after Singapore and currently accounts for approximately 20% of the Group's total international loan portfolio. Since implementing key changes in the year, namely the appointment of new members to the Board of Commissioners and a new Board of Directors, the Group has continued to support the management team in executing their turnaround plans in order to achieve the desired results.

In order to accelerate the pace of this turnaround plan, various integration teams are already up and running in both Malaysia and Indonesia; this is pivotal to ensure maximum synergy. Immediate results were seen in the areas of trade finance, remittances and corporate investment banking.

BII Batam, Indonesia

We also unveiled BII's new corporate identity to reflect the integration of BII into the Maybank Group. The new corporate identity, which signifies the complementary strengths and combined banking expertise of both financial institutions, was unveiled in March 2009 and rolled out to all branches.

The year also saw BII celebrating its 50th Anniversary. To commemorate this special occasion, the bank organised a series of events dedicated to its shareholders, the community, customers, employees and media.

Events included a concert for staff and special guests in Jakarta that was attended by 4,000 employees from Jakarta and the surrounding areas. During the event, BII employees had an opportunity to become acquainted with members of the Boards of Commissioners and Directors which was a first for most employees. Apart from celebrating the occasion, it was also a chance to build esprit de corps among the employees as well as introduce Maybank as the new business partner.

MCB Bank and ABBank

The 2009 financial year marked the first year anniversary of the Group's strategic partnership with MCB Bank, which managed to maintain its performance in spite of the volatility of the country's macro environment. We also placed greater emphasis on business synergies in the areas of trade finance and remittances as well as knowledge and expertise sharing in Islamic banking, information technology capability, customer relationship management and Call Centre operations. The synergy of this partnership is clearly demonstrated by the fact that MCB Bank held its Board of Directors meeting at Menara Maybank, Kuala Lumpur in February 2009.

Following the acquisition exercise of ABBank, we have been assisting the bank in strengthening its operations, risk management framework and business portfolios. To further facilitate this process, we have seconded a Chief Risk

Officer to ABBank. We have also established business co-operation teams to facilitate knowledge and expertise transfer. This will assist ABBank to better position itself for the next phase of growth.

Other Overseas Units

In Indonesia, our other subsidiary Bank Maybank Indocorp was awarded The Best Bank with Assets between Rp 1 to 10 Trillion by Majalah Investor Business & Capital Markets.

During the year, we also introduced programmes which focused on enhancing our customer service levels. Among these programmes were Telephone Standards, Gold Carpet Service Awards and Annual Customer Service Trainings. A proven success in improving customer relationships here, these programmes will be now rolled out to all overseas units.

Prospects

The Group expects the global financial markets to continue being volatile in the year ahead although there are signs of recovery in economies and capital markets. The real economy, however, has been producing mixed results which indicate that the global economy has not fully recovered.

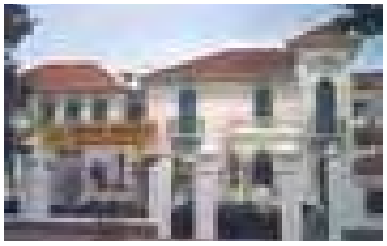
Maybank Singapore and BII will continue to be significant contributors to the Group in the year to come. Our team in Singapore has spent the year strengthening capabilities to enable them to capitalise on an expected uptrend in the economy with the aim to get back to the high-growth levels registered in the past. BII in Indonesia will continue with its turnaround programme and having spent the greater part of the year integrating BII into the Group, we are confident of delivering the targeted results.

Our medium-term goal is to fortify our franchise and become a leading financial services provider. With this in mind, we will continue to tap viable growth and expansion opportunities in Indonesia, Singapore, Cambodia, Vietnam, China and the Philippines.

Through our investment banking arm, we are already in the process of developing our Islamic capital market capabilities in the Middle East. We will continue to focus on tapping synergies and extracting value from our strategic investments in MCB Bank and ABBank.

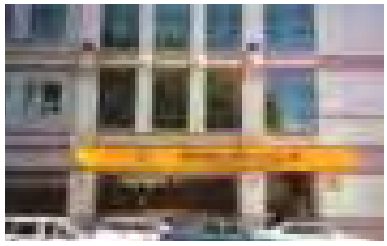
In line with Maybank's efforts to be a truly regional financial group, we are working towards linking our ATM network and over the counter transactions across the region to create seamless connectivity and access for customers in the countries we are present in, especially Indonesia, Singapore and Malaysia. This initiative would undoubtedly provide greater banking convenience to our ever-growing regional customer base.

While the year ahead will continue to pose its fair share of challenges, the International sector will continue to enhance existing operations, while seizing opportunities in the marketplace to further strengthen our presence in the region.



Phnom Penh Branch

London Branch



Brunei Operations

Information & Communication Technology

Maybank's ICT sector is focused on upgrading and transforming existing capabilities to introduce new technologies as well as managing and optimising processes to improve operational effectiveness, cost efficiencies and service excellence.

The Group during the year reaffirmed our commitment towards enhancing the Information and Communication Technology (ICT) infrastructure given that it is a strategic enabler to our business operations. During the challenging period of the global economic downturn in the past year, the ICT sector too was not spared from the demands of adding value and driving growth which arose from the troubled business landscape of limited resources, coupled with a stringent legal and regulatory environment. Steps were also taken to harness and optimise the existing ICT infrastructure as the Group embarked on its immediate mission to expand regionally as we move towards globalisation and financial integration.

Maybank's ICT sector is focused on upgrading and transforming existing capabilities to introduce new technologies as well as managing and optimising processes to improve operational effectiveness, cost efficiencies and service excellence. Major initiatives that revolved around enterprise processes and cutting-edge technology were undertaken to support the Group's regionalisation, and in the longer term, globalisation strategies. This was evidenced by efforts to accelerate the transformation of our domestic operations and business integration into our regional businesses. In response to this, the Group invested RM433 million during the year in numerous key initiatives which encompass strategic, business growth, efficiency and business as usual projects.

As one of the core competencies of the Group, innovations by ICT are based on the People, Process, Technology synergy which speed up the implementation of the Group's plans to create value-revenue generation and build competitive advantage to improve productivity, performance and ensure cost reduction. There were also rigorous efforts to ensure technology investments were aligned to the Group's transformation strategy and our ICT systems achieve economies of scale.

On the technology front, emphasis was placed on enhancing enterprise network and infrastructure capabilities by providing greater network stability and availability, while at the same time achieving cost efficiencies. This was made possible with the transformation of Maybank's frame relay network to IPVPN technology which resulted in substantial cost savings and performance improvements.

In moving towards superior network capabilities, ICT also implemented the Metro-Ethernet network technology which caters primarily for the high speed bandwidth requirements of branches with minimal bandwidth configuration of 2MB. In response to the needs of virtual banking business continuity, the Group implemented the Disaster Recovery framework for the virtual banking Internet network topology.

Additionally, in the virtual banking space, Maybank2u.com was revamped to allow greater customer personalisation by ensuring that the right content is delivered to the customer at the right time. We also set up the platform for the future extension of Maybank2u.com services to other devices such as kiosks, PDAs and mobile devices.

A key financial transformation initiative which the Group embarked on was the development of the Enterprise General Ledger for double-entry book-keeping as well as enhanced reporting, multi-dimensional views and analysis to meet today's financial and regulatory reporting demands and timelines.

In the area of business intelligence, ICT is enhancing the maturity of the MIS infrastructure by focusing on information availability, integrity and accuracy with the development of a robust MIS architecture to handle increasing requirements. The enablement of data integration from a centralised database and seamless infrastructure, which allows for data mining and heuristic analysis, is being developed and will be further refined to deliver state-of-the-art management information capabilities to support business needs for more accurate, timely and concise information.

Another important initiative for ICT in the past year was the planning of the new core banking system solution to replace the current legacy system. Given new technology advancements and increasingly sophisticated customer demands, the new system will enable the transformation of branch banking, service quality, mobile capabilities and capacity for shorter time to market.

To achieve better governance of IT projects and ROI, ICT together with the LEAP30 transformation team embarked on a programme to optimise and reprioritise IT projects. At the culmination of the first phase of this programme, we successfully achieved a cost avoidance in excess of RM100 million in IT expenditure for the Group. This was largely owed to the efforts of the team working closely with the business sectors in reviewing projects for the entire Maybank Group. The IT project governance initiative will continue with its second phase to ensure that a culture of intelligent IT spending is further enforced Group-wide, and constant reviews and enhancements of the IT governance framework are conducted.

In terms of improving consumer business revenue generation, the LEAP30 initiative called Tactical Sales Stimulation (TSS) was successfully supported by ICT. Through the enablement of the existing infrastructure for loan origination with remote access, Consumer Banking was able to better mobilise its sales personnel to locations outside the branch and closer to customers.

The Group continued to enhance its capabilities in risk management, which encompasses credit, market and operational risks, by working towards compliance with Basel II requirements under the Internal Ratings Based Approach (IRB). ICT has successfully delivered the Basel II system such as the Integrated Retail Scoring Solution (IRSS), Credit Risk Rating System (CRRS), Group Collateral Management System (GCMS) and Risk Data Management Solution (RDMS).

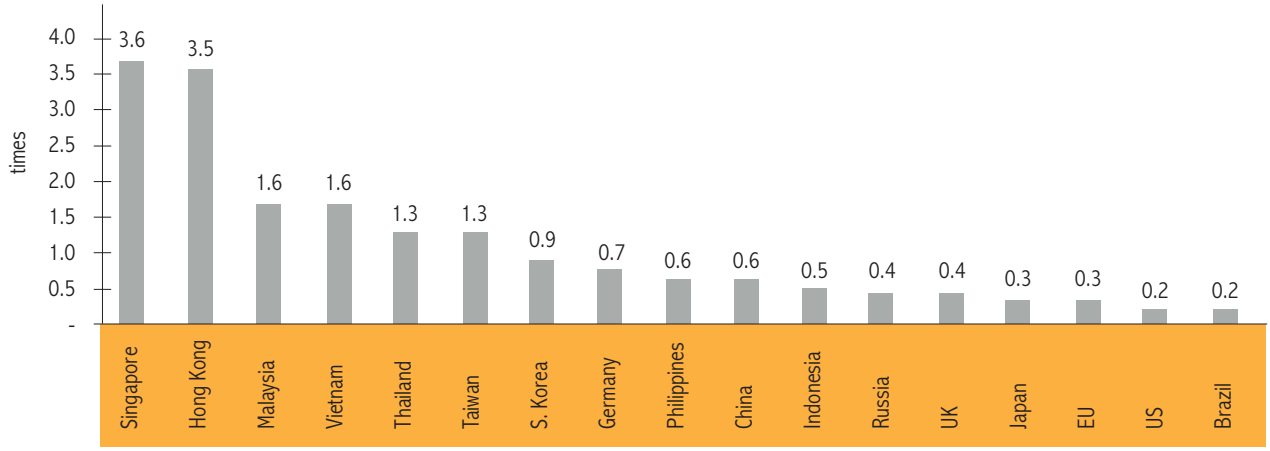
Looking ahead, in order to support the Group's regional aspirations, ICT infrastructure must be able to face the challenges, demands and rapid growth of the business in a difficult global economy. ICT has already commenced restructuring activities to streamline all IT and its related activities, processes and services under a single cohesive control for better governance and superior quality service.

Economic Review & Industry Outlook

The Malaysian economy contracted by 1.3 % in FY2009 versus a 6.9% expansion in FY2008 and is expected to grow by 4.2% in 2010.

Being an open and trade-oriented economy means Malaysia was not spared from being directly and adversely affected by the global financial crisis that was sparked by the collapse of major US financial institutions during the financial year ending 30 June 2009.

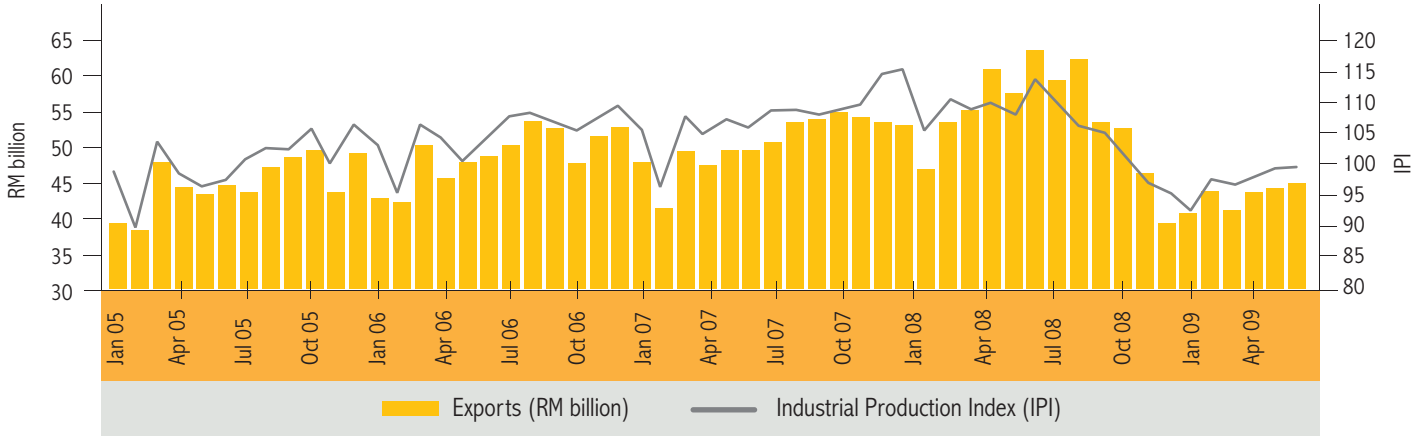
Global: External Trade to GDP Ratio



Source : CEIC

The impact on the Malaysian economy was primarily through the external demand channel, given the plunge in exports and industrial output which are dominated by the trade-oriented manufacturing sector, as well as the surge in retrenchment of factory workers.

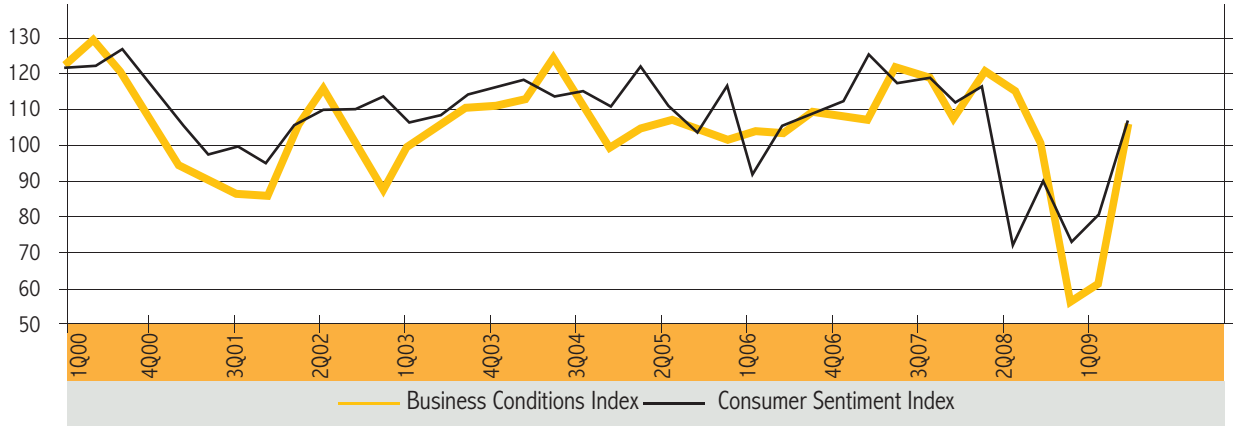
Malaysia: Exports & Industrial Production



Source : Department of Statistics

As the global financial meltdown worsened and the world economy headed for its first recession since the Second World War, the resultant financial markets' volatility and economic uncertainty hurt consumer sentiment and business confidence, in turn dragging domestic demand down as well.

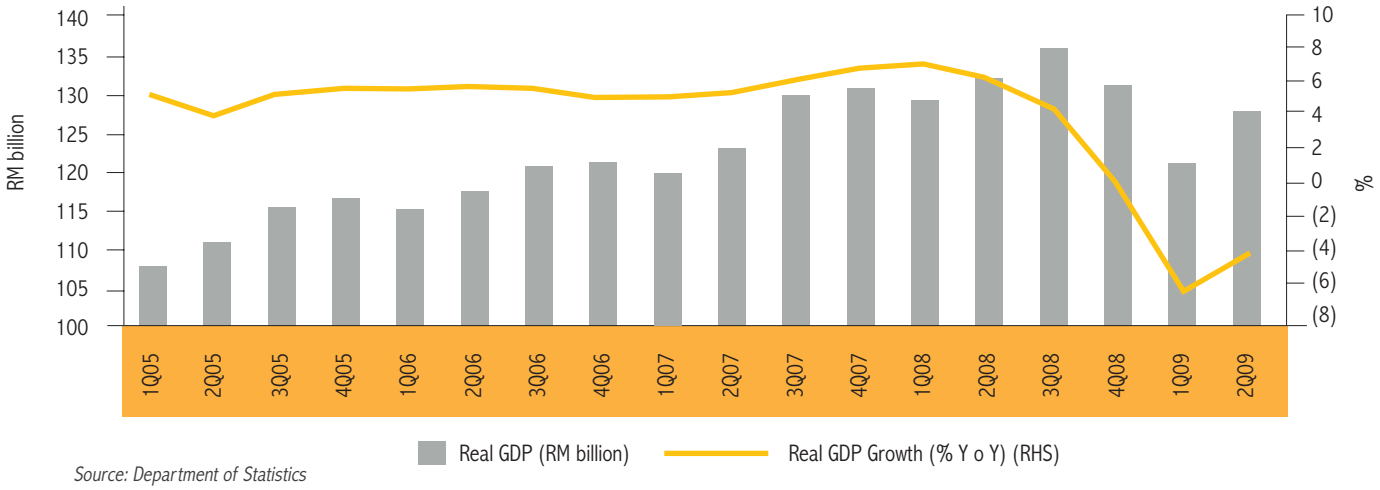
Malaysia: Consumer Sentiment Index & Business Conditions Index



Source: Malaysian Institute of Economics Research (MIER)

Consequently, Malaysia's real GDP growth decelerated sharply from 4.8% year-on-year in the third quarter of 2008 to just 0.1% year-on-year in the fourth quarter of last year before the economy shrank by 5.1% year-on-year in the first half of 2009. The economy contracted by 1.3 % in FY2009 versus the 6.9% expansion in FY2008.

Malaysia: Quarterly Real GDP Growth (% YoY)



Source: Department of Statistics

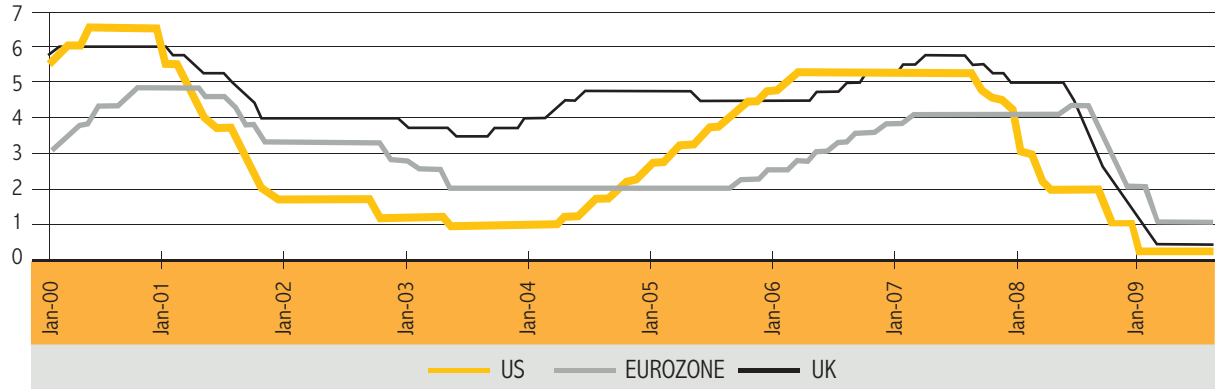
Malaysia: Quarterly Real GDP					
% YoY	**2Q08**	**3Q08**	**4Q08**	**1Q09**	**2Q09**
Real GDP	**6.6**	**4.8**	**0.1**	**(6.2)**	**(3.9)**
Manufacturing	5.6	1.8	(8.8)	(17.6)	(14.5)
Services	7.9	7.1	5.7	0.2	(1.6)
Agriculture	6.3	3.3	0.5	4.3	(0.3)
Mining	(0.5)	(0.3)	(5.7)	(5.2)	(2.6)
Construction	3.9	1.2	(1.6)	1.1	2.8
Domestic Demand	8.4	6.6	2.8	(2.9)	(2.3)
Private Consumption	9.4	8.2	5.3	(0.7)	(0.5)
Public Consumption	10.3	6.4	12.7	2.1	1.0
Gross Fixed Capital Formation	5.6	3.1	(10.2)	(10.8)	(9.8)
Net External Demand	19.9	(15.9)	(39.5)	39.1	(0.7)
Exports of Goods & Services	9.5	4.5	(13.3)	(15.2)	(17.3)
Imports of Goods & Services	8.1	7.7	(10.2)	(23.5)	(19.7)

Sources: Department of Statistics, BNM's Quarterly Economic Bulletin

In response to the crisis, governments and central banks in economies at the epicentre of the crisis – namely the US, UK and to some extent Eurozone – implemented measures that among others included pumping of liquidity in the economies and the financial markets, recapitalisation – even nationalisation – of private financial institutions, and improving access to credit. Central banks also slashed their benchmark interest rates to lower funding costs to stimulate consumer and business spending. BNM joined the global monetary policy easing bandwagon as it lowered the OPR by a total of 150bps on three occasions between November 2008 and February 2009 to a record low of 2% presently.

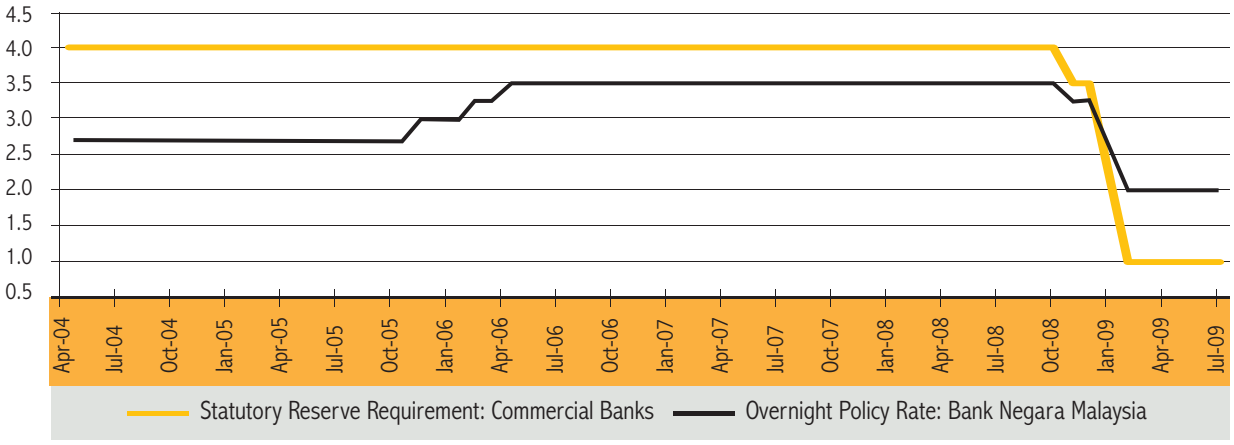
At the same time, governments around the world moved in to support their economies via public spending, mainly in the form of economic or fiscal stimulus packages, totaling USD2.8 trillion (equivalent to 4.5% of global GDP), led by US (USD787 billion) and China (USD586 billion). Malaysia also announced two economic stimulus packages totaling RM67 billion (RM7 billion in November 2008 and RM60 billion in March 2009) that included RM22 billion additional Government spending.

Benchmark Interest Rates in US, Eurozone & UK (% p.a.)



Source: Bloomberg, Central Banks

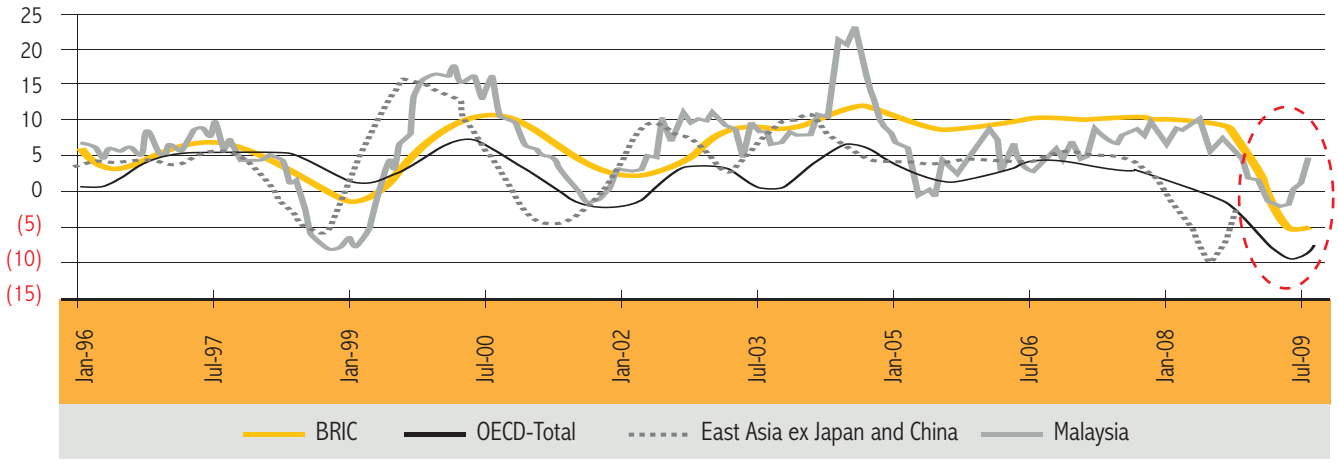
Malaysia: Overnight Policy Rate (% p.a.) & Statutory Reserve Requirement (%)



Source: BNM

These aggressive and swift policy responses stabilised the economies in the final quarter of FY09, especially given the rebound in the index of leading economic indicators that signals the economic downturn is in the process of bottoming in 3Q 2009 and is expected to reverse course in 4Q 2009. Regionally, key economies such as China, South Korea, Singapore and Vietnam have released better 2Q 2009 real GDP numbers. In addition, Malaysia's export values, industrial production volume as well as consumer confidence and business sentiment picked up in 2Q 2009.

Index of Leading Economic Indicators (12-month % chg)



BRIC refers to Brazil, Russia, India & China

Source: Bloomberg

Despite these emerging positive developments in the final months of FY2009, the outlook for FY2010 remains challenging. The immediate key issue is the lingering doubt over the sustainability of the recent upturn in economic activities, which are largely attributed to short-term catalysts, namely re-stocking by businesses and implementation of fiscal stimulus by governments.

There are fundamental risks and constraints facing the "green shoots of recovery". Governments cannot indefinitely pump prime their economies since the resulting increases in fiscal deficits and public debts are clearly undesirable. The prospect of recovery in consumer spending that makes up 60% of the world's GDP is unclear in view of the rising global unemployment and US personal savings. Furthermore, recovery in the advanced economies' housing markets and full resolution of their banking sector problems are also critical.

Consequently, the International Monetary Fund (IMF) expects the global economy to shrink by 1.4% this year, essentially due to the synchronised recessions in the major economies – US, Eurozone, Japan, UK – that account for 58% of the world's GDP, to be followed by a 2.5% rebound in 2010, which is below the long-term average of 3.6% as activities in the advanced economies are still expected to be muted despite the anticipated acceleration in developing economies, especially the East Asian countries.

Meanwhile, Maybank's assessment is that the Malaysian economy is projected to post a moderate recovery of 4.2% in 2010 after the forecast of a 3.8% contraction in 2009. Given the recession in 2009 and below-trend real GDP growth in 2010, inflation rate is expected to remain low at 1.5% next year after the expected sharp slowdown to 1% this year (2008: +5.4%). Therefore, we see BNM keeping the OPR steady at 2% until the end of 2010 to sustain monetary policy stimulus and support the expansionary fiscal policy.

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Malaysia: Real GDP Growth

(% Chg)	2008 Actual	1H 2009 Actual	2009E Official	2009E Maybank	2010E Maybank
Real GDP	4.6	(5.1)	(4.0) - (5.0)	(3.8)	4.2
Manufacturing	1.3	(16.2)	--	(12.5)	4.8
Services	7.2	0.7	--	1.3	5.0
Agriculture	4.0	(2.0)	--	(3.5)	3.0
Mining	(0.8)	(3.9)	--	(4.0)	2.0
Construction	2.1	2.0	--	1.1	3.0
Domestic Demand	6.8	(2.6)	--	(0.5)	6.3
Private Consumption	8.5	(0.1)	--	1.0	3.0
Public Consumption	10.9	1.6	--	7.7	10.0
Gross Fixed Capital Formation	0.8	(10.3)	--	(8.6)	7.9
Exports of Goods & Services	1.3	(16.3)	--	(15.0)	9.0
Imports of Goods & Services	1.9	(21.5)	--	(19.8)	7.8

Sources: Department of Statistics, BNM's Quarterly Economic Bulletin, Maybank IB

Enhancing Value Responsibly

Setting the Benchmark for Business Integrity, Ethics & Professionalism

Ensuring Integrated Risk Management Approach

Conscientiously Safeguarding Shareholders' Interest

LEAP30 Transformation Journey

In the first horizon, 2008 to 2011, our focus will be on 30 initiatives impacting all of Maybank's major business sectors.

Strategic Transformation

LEAP30 is Maybank's performance improvement programme to achieve the Group's vision to become a leading regional financial services group by 2015, focusing on three strategic thrusts:

- Secure Maybank's position as the undisputed leader in financial services in Malaysia.
- Strengthen regional presence through enhancing the quality of operations in seven out of 10 Asean countries Maybank operates in today, whilst continuing to look for opportunities in other lucrative growth markets in the region.
- Become a talent and execution-focused company.

Key Milestones in the Transformation Journey

Our strategic transformation programme is being implemented in two horizons up to the year 2015. In the first horizon, 2008 to 2011, our focus will be on 30 initiatives impacting all of Maybank's major business sectors, covering consumer, enterprise, investment and Islamic banking, insurance, international business, operations, as well as human capital development. Implementation of the 30 initiatives will take place in two Waves, namely Wave 1 from September 2008 to July 2010 which covers 20 initiatives and Wave 2 from July 2010 to July 2011 for the rest of the initiatives.

We have taken a pragmatic and "value-first" approach in prioritising the implementation of these initiatives. With the programme currently in the midst of Wave 1, the results achieved thus far have been encouraging and indicative of the transformation's potential in accelerating the improvement in Maybank's performance.

Early results include:

- Over 100% increase in sales performance for branches undergoing the sales stimulation programme;
- Increased product penetration of our corporate client portfolio through more targeted and structured account planning processes;
- Significant annual cost savings and cost avoidance achieved through strategic procurement being implemented in waves;
- Cost avoidance in excess of RM100 million through a more stringent approach on benefits applied upon re-prioritisation of all IT projects;
- Launch of a consolidated capability to proactively address potential non-performing loans for the SME and consumer segments;
- Successful rollout of Group Human Capital workshops nationwide, engaging over 2,600 Line Managers on a wide range of topics including performance management; and
- A marked increase in employee engagement through a set of communications programmes and by reinvigorating our focus on Maybank's core values.

Just as important as these concrete project results is the fact that the culture for high performance is now spreading across the entire Group. Maybankers at all levels and from all locations are involved and aware of their roles in the transformation effort.

We will continue to invest and build on this momentum to accelerate the pace of implementation and we are confident of extracting exponential returns from our investment of time and effort in this transformation programme.

The next Wave of initiatives will focus on the construction and rapid implementation of new business models. These models will not only give Maybank a sustainable market advantage moving forward but they will also influence the shape of the financial services landscape. To this end, we will be emphasising rapid implementation to capture value at a faster pace.

Accelerating the Pace of Change

Over and above the encouraging progress made thus far, the Group is keen to achieve even better results within a shorter timeframe. Several Group-wide initiatives have, therefore, been undertaken to help boost the speed of transformation.

This includes programmes for enhancing staff engagement levels, initiating new investments in technology and development of new skills. Maybank Group Management Committee (GMC) members led the charge by cascading transformation messages to staff in Malaysia and Singapore. GMC leaders of the bank personally ran interactive workshops from April to June this year, involving over 11,000 Maybankers and engaged in discussions about the transformation programme, our vision and goals.

In parallel, we are making new investments to renew our systems infrastructure to facilitate a step-change improvement in capacity and capability which will enable us to consolidate our premier position in the key retail customer segments.

This will be a long-term investment to establish a new platform that will help sustain our performance up to 2015 and beyond.

Looking Forward: Our Maybank, Our Future

We have adopted Our Maybank, Our Future as our transformation programme tagline. We believe that it aptly captures the essence of the shared aspirations in embarking on this transformation journey. The spirit of honouring our shared past as well as sharing a common vision for the future will stand us all in good stead as we embrace the challenges of the present while looking forward to the rewards of the future as a Group.

With the transformation efforts taking place, we are creating an organisation that not only remembers and upholds the achievements of its past, but also an organisation which will be bold and courageous as it strides forward to achieve its vision for greater leadership and success.

Strategic Transformation Plan

1

- **Strengthening core business and franchise**
- Achieve globally-benchmarked operating metrics
- Achieve leadership across all key segments of business
- Capture value from new investments
- Improve synergies across the Maybank Group

2

- **Further strengthen capital base via rights issue**
- Pre-emptive capital to strengthen Maybank's capital base
- Widen Maybank's competitive positioning

3

- **Putting in place an organisational and corporate structure that provides greater strategic, financial, and operational flexibility across the Group**
- Adopt a financial holding company structure, subject to regulatory and tax considerations and a final implementation plan

Implementation of LEAP30 Initiatives Underway → **Rights Issue** →

LEAP30 Performance Improvement Programme

3 strategic thrusts (Sep 2008 – Dec 2015)	Horizon 1 (Sep 2008 – Dec 2011) Secure leadership and outperform	Horizon 2 (Jan 2012 – Dec 2015) Expand footprint and capture new markets
Secure Malaysia Leadership	• Rapidly capture tactical revenue and cost reduction opportunities • Implement multi-segment model and well-executed business strategies to secure position and gain share	• Continue to develop commercial and operational excellence • Explore domestic consolidation
Strengthen Regional Presence	• Capture full value from our current footprint, especially BII • Develop a portable Islamic banking model	• Expand footprint to new markets and regionalise operating model • Build Asian Islamic banking operations
Become a talent and execution-focused company	• Demonstrate execution capabilities • Assemble/build leadership pool and pipeline to fill critical roles • Establish highly effective performance and talent management processes	• Create global talent management system to meet regional needs • Continue to strengthen performance culture
	Wave 1: Sep 2008 – Jul 2010 20 initiatives ▶ Wave 2: Jul 2010 – Jul 2011 10 initiatives	

Human Capital Development

Maybank's leadership philosophy describes the essence of a great leader guided by the corporate values of teamwork, integrity, growth, excellence, efficiency and relationship building.

The Maybank Group today has a staff strength of more than 39,000 Maybankers in over 700 offices worldwide. In tandem with the sustained growth of the Group, management of our human capital continues to be a key area for investment and further development in the financial year, as a means for Maybank to move closer towards realising our vision of becoming a leading regional financial services provider by 2015.

Leadership & Engagement in Maybank

Maybank is committed to inculcating a leadership culture which not only encourages high impact communication but also values ideas and feedback. Active communication is the key to ensuring Maybankers are well-informed and knowledgeable about the Group's operations, business strategies and management decisions.

As part of our vision to create world-class managers, we have a robust Leadership Model built on the leadership philosophy and competencies that are required to support the Group's aspirations. Maybank's leadership philosophy describes the essence of a great leader guided by the corporate values of teamwork, integrity, growth, excellence, efficiency and relationship building. The leadership competencies serve as a guideline for assessment of leaders and reiterate the six core competencies that every Maybank leader should have. These are strategic thinking, a spirit for achievement, ability to develop talent and cultivate relationships, being customer-centric and the desire to innovate and change.

In order to increase the effectiveness of our people, a Mentoring programme was introduced for the succession plan candidates of identified C-suite positions. Foundation programmes within Maybank's Personal & Managerial Effectiveness Learning Roadmap were also structured for entry level and executive positions while intermediate programmes were targeted at team leaders and new managers. The advanced programme promotes a talent development culture which places emphasis on leadership across all boundaries. One such example is the Maybank Great Manager (MGM) programme aimed at improving managerial skills, capabilities and knowledge. In 2009, a total of 103 Human Capital workshops involving the participation of 2,000 managers were completed.

Group Human Capital also ensures that information is disseminated in a timely manner through various communication channels. They include two core e-channels, namely myHR2U and the Maybank Group enterprise portal, video and face-to-face engagement sessions between Maybankers and management. This is evidenced by the success of the Our Maybank, Our Future townhalls which were facilitated personally by the President & CEO and Maybank Group Management Committee (GMC) members. These were further reinforced with the Meet the Head, Group Human Capital sessions in the regions. Various channels and sessions to encourage ideas generation, brainstorming and feedback have also been introduced.

In reinforcing our commitment and promise to Maybankers, the Group continuously evaluates workplace practices to be in line with our corporate values. The effectiveness of Maybank's workplace practices are gauged and assessed by Maybankers. One of the key ways feedback is obtained is via the annual Employee Engagement Survey (EES), My Voice. Initiated in 2006, the survey results help management understand the areas which require further development, improvement and increased engagement. The annual assessment is extended to all domestic, regional and international operations of Maybank. Maybank's Employee Engagement Index (EEI) for 2009 achieved an overall score of 83% as compared with 77% in 2008, the highest since the first implementation of the EES by Towers Perrin-ISR. This score has performed well against the Malaysian and global benchmark.

Human Capital Transformation – The Journey

Maybank recognises each Maybanker is driven by different motivational factors apart from monetary rewards. The leadership team, organisational culture, opportunities for development, access to continuous learning, career progression and work environment are also important considerations. We recognise that through constant improvements and progressive change of workplace practices, the Group can excel to make waves, locally and globally.

As part of Group Human Capital's strategy to support Maybank's aspiration to be among the top quartile employer of talent in each of our markets and a leading regional financial services group, we have embarked on a transformation journey, which began in September 2008. The primary objectives are to significantly improve our capability to attract the right talent, inculcate a high performing culture, develop and build a strong leadership pipeline, and to reward and recognise excellent performance.

In view of this transformation journey, a number of initiatives to enhance our human capital have been implemented including making our core values easier to remember and an inherent part of our DNA. We also improved our performance and talent management systems for better performance line of sight and control to better recruit, retain and develop talent.

Another key initiative was the enhancement of the Group's recruitment engine and delivery of human capital solutions by improving the human resource (HR) organisational structure. The structural changes were to further strengthen the strategic HR model with Centre of Expertise (previously known as Corporate HR), Organisational Effectiveness (Business HR Relationship Management) and the Shared Services platform. While the Centre of Expertise provides advisory and functional expertise on right HR solutions, policies and governance for the Group, the business HR units provide integrated HR solutions within the infrastructure developed to make an impact on the business and ensure business targets are met.

A dedicated Shared Services Centre has been fully operational since March 2009. It comprises a one-stop centre for consolidated services including payroll, benefits, data management, and a recruitment centre to enhance capabilities in recruiting in an effective and speedy manner. Early wins include immediate cost avoidance of RM487,000 from the insourcing of our flex benefits project, potential savings of RM2.2 million from the consolidation and appointments of elected vendors for the recruitment centre and a cost savings of RM550,000 resulting from recruitment done by our internal recruiters accessing our database of potential candidates.

Maybank's talent management framework has also been enhanced with the view to improving our ability to grow, retain and reward performers within the Group. The enhanced framework includes a more rigorous performance and talent management process, on-the-job learning vis-à-vis mentoring, coaching, support by leaders, robust succession planning strategy and development processes and tools to create the ideal environment for people to excel in Maybank.

The enhanced framework also includes the implementation of the Talent Classification Matrix which enables Line Managers to identify and classify their employees according to their performance levels and potential. Additionally, it identifies new, promising talents in a systematic process via the Sectorial Talent Review Committee sessions conducted twice a year, chaired by the Business Sector head at business management team level and during the Group Talent Review Committee sessions at Group level, chaired by the President & CEO. This process is integrated with Maybank's Personal Development Plan and Annual Budget process.

A holistic approach has been adopted to drive the transformation of our workforce with focus on three principal areas - people policies, product and processes; manager and employee interaction; and work environment. The Group recognises that these three areas are pivotal for Maybank to become a top quartile employer of talent.

Emphasis is also placed on performance. Underperformers are provided coaching and counselling as further motivation to improve. Three key principles essentially underpin Maybank's Consequence Management process - respect, dignity and timeliness. This process requires Maybank managers to be good performance coaches.

In line with the enhanced framework, Maybank is currently rolling out dedicated one-day workshops to re-educate and coach a total of 1,000 line managers on the expectations, tools and processes to help them manage performance levels and their talents.

As Maybank promotes and nurtures a high performance oriented corporate culture, the compensation principles and practices are constantly evaluated to ensure that they are fair, competitive and market-driven in order to attract, motivate and retain our talents.

In addition, the year saw Maybank continuing its Group-wide appreciation programme with long service awards, staff recognition awards and employee share option schemes to cultivate a culture that recognises the efforts and contributions of its people. Efforts to maintain a conducive and safe workplace environment also continued with numerous programmes and campaigns under the Occupational Safety & Health Section (OSH) to increase awareness of OSH management systems and structure. Lifestyle and health talks were also regularly conducted for Maybankers to educate on work-life balance.

	June 2008	June 2009
Human Resources		
Group		
Total Headcount	24,871	39,684
In Malaysia	22,506	22,535
Outside Malaysia	2,365	17,149
Malaysia (Total Headcount : 22,535)		
Female	13,005	13,070
Male	9,501	9,465
Supervisory	12,504	12,952
Non- Supervisory	10,002	9,583
Union members	NA	NA
Non-union menbers	NA	NA
Age Group		
<30	6,371	5,713
30 to 40	10,067	10,302
40 to 50	4,884	5,150
>50	1,184	1,370
Diversity		
Malay	16,404	16,232
Chinese	4,006	4,200
Indian	1,156	1,162
Others	940	941
Women In Management	604	642
Women in Senior Management	70	84
Employee turnover rates		
Supervisory	8.97%	10.61%
Non-supervisory	5.22%	7.13%
Service in the Group		
<1 year	1,490	2,304
1 to 5 years	5,333	4,798
5 to 15 years	9,405	10,865
>15 years	8,682	6,904

Learning @ Maybank

Apart from on-the-job learning, Maybank advocates employee training and life-long learning programmes which emphasise knowledge, attitudes and skills improvement for greater personal performance and organisational success. This is done mainly via the learning centre, Maybank Academy, and online or e-learning facilities (My Campus that provides Maybankers 24-7 access).

Maybank has various training programmes in the form of interactive multimedia, classroom lessons, outdoor programmes and on-the-job training for Maybankers of all levels. These programmes include functional, behavioural and leadership development and cover a whole range of courses from Industry Specific Banking Operations courses and Customer Service programmes to Basic Skills courses. The year saw a stronger focus on skills and capability building as well as targeted approaches to ensure employee expertise was enhanced.

The Maybank Academy has successfully launched e-Learning programmes to enhance business skills. With sales being a priority, a total of 7,617 Consumer Banking and Business Banking employees attended sales programmes conducted by the Maybank Academy. English language improvement programmes were also introduced to increase the language proficiency level in the Group. Maybank's commitment to up-skilling its workforce was evidenced by the investment of RM43.94 million for the year under review.

For better workplace and knowledge management, Maybank also invested in a Group-wide enterprise portal to allow Maybankers immediate and easy access to information that is pertinent to their job functions. Apart from being an efficient way of keeping Maybankers informed, the portal provides collaborative capabilities that allow Maybankers to connect with one another. Maybank is mindful that all efforts and resources to enhance collaboration and build a strong base of knowledge workers will ultimately help enhance productivity levels, streamline business processes, and improve overall business agility and responsiveness to the marketplace.

Maybank's Values and Commitment

This year, the Maybank Group Overall Core Values Index (CVI) achieved a score of 74% as opposed to 69% recorded last year. This is a strong testimony to our core values being internalised by all Maybankers.

The Group places great importance on observing good conduct and keeping abreast with regulatory changes in order to safeguard Maybank from reputational and financial risk. Maybank has zero tolerance of fraud and unethical conduct and as a result, our employees are subjected to the highest levels for conduct and ethics which are detailed in our Code (the Code) of Ethics and Conduct for Maybankers.

The Code sets out principles and policies that guide Maybankers in discharging their duties, and outlines the standards of good banking practice. Objectives of the Code include:

- To protect the good name of Maybank and to maintain public confidence in Maybank;
- To maintain public confidence in the security and integrity of the banking system;
- To maintain an impartial and unbiased relationship between Maybank and its customers; and
- To uphold the high standards of personal integrity and professionalism of Maybankers.

Work-life balance @ Maybank

Maybank's extensive sporting facilities also help bring Maybankers together and build a strong community within the organisation. Co-ordinated by Kelab Sukan Maybank, the sporting facilities are used to not only provide Maybankers with an opportunity to interact with each other but to also promote work-life balance.

Human Resource Awards & Recognition

As a testament to Maybank's efforts in creating an ideal work place and caring for the welfare of Maybankers, the Group clinched the Majikan Prihatin Award which was presented during the Workers' Day celebration by the Prime Minister in May 2009.

Our Head of Group Human Capital, Nora Abd Manaf, was honoured at the Asia HRD Congress 2009 in May for her outstanding contributions to the field of Human Resource Development in the Organisation Category. The Asia HRD Congress Awards is a prestigious annual event and an independent initiative to recognise organisations and individuals whose efforts have made a lasting impact on the human capital development in an organisation, the HR community, as well as in the society.

Corporate Social Responsibility

Our CSR focus is premised on the philosophy of Growing with Responsibility and mirrors the aspirations of achieving value through social responsibility as reflected in the Silver Book.

Maybank Group's corporate social responsibility (CSR) focus and social outreach extend beyond Malaysia and into our key markets in the region namely Singapore, Indonesia, the Philippines and Cambodia. Our CSR focus is premised on the philosophy of Growing with Responsibility and mirrors the aspirations of achieving value through social responsibility as reflected in the Silver Book.

The Silver Book – one of the 10 initiatives identified by the Putrajaya Committee on GLC High Performance – is a set of guidelines on how GLCs can contribute to society in a responsible manner and create a positive impact for their business and for society. It also assists GLCs in clarifying and managing social obligations in the most efficient and effective manner in line with best practice regulatory framework or industry norms.

To ensure good practices in corporate responsibility governance and compliance, the Board and Management make certain that the CSR programmes support Maybank's overall vision as well as brand reputation. Maybank's CSR programmes are adopted and implemented across all the business sectors and Group operations.

During the year, the Group continued to demonstrate its commitment to be a responsible corporate citizen through its various CSR programmes, believing that creating benefits to society is an integral part of an organisation's business and operations and ties into the philosophy of Growing with Responsibility.

Humanitarian Support

The Group's care for communities and customers is strongly reflected in its response to customers during times of uncertainty and natural calamities, where it provides financial relief in the form of deferment of repayments or restructuring of obligations. Maybank was the first financial institution to announce a special financial relief scheme for its customers including its insurance policy holders as well as Maybankers who were affected by the Bukit Antarabangsa landslide tragedy in Ulu Klang, in December 2008.

During the year, Maybank also partnered with Utusan Malaysia and purchased 11 ambulances and a water tank truck for hospitals and the local authority in Bengkulu, Sumatera as part of disaster relief and assistance to victims of the earthquake there. Maybank had earlier offered its network of delivery channels such as branches, ATMs and Internet banking portal Maybank2u.com to enable the public donate to the Tabung Gempa Nusantara Utusan-Maybank, set up to raise funds for the victims of the earthquake. More than RM1 million was raised through this effort within a period of one month, clearly reflecting the unique strengths and capabilities of Maybank2u.com as an effective channel to generate fundraising in the community.

In addition, our subsidiary in Indonesia, BII implemented an active disaster relief programme which raised over Rp4 billion during its fund-raising campaign for the tsunami relief work in Acheh and Nias, Indonesia.

In January 2009, Maybank joined the NSTP Fund for Gaza Campaign to bring financial aid to war victims in the Gaza Strip. The Group's network and delivery channels helped the public to donate to this cause, and more than RM8 million was raised for the Fund within a duration of two months. Maybankers also rallied together and contributed over RM122,000 to the in-house Maybank Staff Fund for Gaza which was subsequently handed over to the Ministry of Foreign Affairs.

Charities, Community & Nation Building

During the year, Maybank became the first financial institution in Malaysia to embark on a year-long Occupational Safety & Health (OSH) Mentorship programme with an SME, Usaha Sama Security, in April 2009. The programme is part of the Federal Territory Department of OSH Mentor-Mentee and Good Neighbourhood programme with SMEs, aimed at increasing the level of occupational safety and health for the SME sector with the support of key corporations. This partnership attests to the proven high standards of OSH practices employed by the Bank.

As part of the Group's long-term community programme with the Ministry of Women, Family & Community Development, the employee volunteerism efforts under the Cahaya Kasih project continued with a total of 20 activities at seven adopted welfare homes nationwide. Maybank also contributed encyclopedias, electrical items, water coolers, birthday gifts and sports attire worth over RM100,000 to the residents of the homes.

A clear example of Maybank's core values in action is the way Maybankers lent a hand and gave precious time to communities in need. Scores of Maybankers have taken time out from their personal and work schedules to participate in this CSR initiative.

To celebrate Malaysia's 51 years as a nation in 2008, Maybank joined in as principal coordinator leading the financial sector contingent in the Merdeka Parade. The Group spent RM1.2 million for various programmes during the month-long Merdeka celebrations, including TV commercials to promote the spirit of patriotism and unity among Malaysians.

The Group held several activities in conjunction with Hari Raya Aidilfitri. Among them was its annual contribution of RM40,000 to Tabung Kebajikan Angkatan Tentera during the festive period. In addition, to strengthen the rapport between Maybank and the Royal Malaysian Police, Maybank's Melaka/Negeri Sembilan region team organised a Rakan Cop Safety Week to create awareness among the public on the importance of safety during the festive season.

Etiqa Takaful Berhad held a Hari Raya Qurban celebration together with the residents of Kampung Simpang Tiga Gombak, Selangor. More than 300 Etiqa staff, agents and residents of the community attended the celebration. Etiqa was one of the event sponsors for the award-winning television programme 3R (Respect, Relax and Respond) and participated in their Whistle for Women event to empower and protect women's rights. Proceeds for the event went to Women's Aid Organisation and AWAM (All Women's Action Society).

Maybank's international branches also engaged with the community in their respective regions. In Singapore, Maybank@Chinatown branch provided an added touch to customer service by speaking the language of customers to cater to the silver population in the vicinity of Chinatown, while BII had a special programme to donate food to underprivileged families.

Employee Welfare & Engagement

The Group continued to invest resources to become a talent and execution-focused company. As a result, the Group's learning centre was given a refreshed identity and renamed Maybank Academy to provide a holistic approach in enhancing employee skills and competencies through its online e-learning programmes, My Campus. The training programmes are conducted in the form of interactive multimedia, classroom lessons, outdoor programmes and on-the-job training for Maybankers of all levels. These programmes include functional, behavioural and leadership development and cover a whole range of topics from industry and banking operations to customer service programmes and personal development courses.

The Group also places priority on employee safety and health. Through its OSH section, year-long improvement programmes and campaigns on healthy lifestyle and health talks were conducted to educate Maybankers on how to maintain a sense of well-being and work-life balance. Each year, the Group holds several blood donation drives and encourages Maybankers to volunteer their services to the less fortunate in the community. In Singapore, Maybank received recognition for its series of pro-family and work-life initiatives in the workplace by receiving the Work-Life Excellence Award for the second time in 2008. In Malaysia, Maybank was winner of the Ministry of Human Resources' Caring Employer Award in recognition of the bank creating an ideal work place as well as caring for the welfare of employees.

The year also saw the Group paying tribute to 4,030 Maybankers at the annual Long Service Awards. In appreciation of their loyalty, each recipient was given a special certificate and cash incentive. More than RM5.9 million was disbursed to Maybankers who served between 10 to 40 years with the bank.

BII celebrated its 50th Anniversary during our financial year with an appreciation concert for employees and special guests in Jakarta. More than 4,000 employees from Jakarta and its vicinity attended the gala event which was also an opportunity for employees to meet with members of the Boards of Commissioners and Directors, as well as to introduce Maybank as BII's new shareholder in Indonesia.

Building the Future through Knowledge & Educational Development

Support for education remains a strong commitment for the Group. The Maybank Scholarship Awards Scheme continued to attract overwhelming interest from students in local institutions of higher learning vying for an opportunity to be a Maybank scholar and to join the Maybank family upon graduation. During the year, more than RM1.8 million in scholarship awards was disbursed to 205 scholars, 54 of whom were new recipients pursuing undergraduate studies at local universities. For the first time, Maybank Scholarships were offered to students from private universities to provide greater opportunities to high achievers in these institutions as well. Since the inception of the awards in 1972, Maybank has sponsored more than 1,000 scholars as well as provided them with employment opportunities.

In the Maybank Group Staff's Children Academic Excellence Award, 390 recipients who obtained excellent results in the PMR, SPM and STPM public examinations received cash incentives totaling over RM285,000. The award programme, introduced in 1986, recognizes the scholastic efforts of children of Maybankers.

In addition, Yippie and Yippie-i account children savers who obtained excellent results were also rewarded. To promote savings for higher education, Maybank signed an agreement with the National Higher Education Fund Corporation (PTPTN) to participate in its National Education Savings Scheme (SSPN). This makes Maybank the first bank to offer its comprehensive channels, namely branches, ATMs, cash deposit terminals, KawanKu Phone Banking and Internet banking portal Maybank2u.com to enable savings to be made under this Scheme.

The Group also contributed RM4 million to set up the Maybank Chair of Entrepreneurship at Universiti Malaysia Kelantan (UMK) to encourage the development of entrepreneurship among Malaysians. This is in addition to other Chairs in Accounting which were earlier established at Universiti Malaya and Universiti Putra Malaysia.

Maybank continued to demonstrate its commitment to financial education of the Malay community in Singapore with its seventh consecutive year of supporting the Berita Harian Financial Planning Conference, while BII conducted a Journalist Writing and Photography Contest as part of its campaign to educate the public on banking knowledge.

BII also has a strong programme in educational initiatives which saw the bank contributing Rp1.19 billion for the reconstruction of classrooms in primary schools in Yogyakarta destroyed by the earthquake. It also constructed fully furnished BII classrooms for a special school for underprivileged families in the Lengkong Wetan area in Tangerang in collaboration with Bina Anak Indonesia. For higher education, BII offered scholarships to 50 Gajah Mada University students through Yayasan Karya Salemba Empat (KSE), a non-profit social organisation engaged in education with a focus on promoting education and providing scholarships for the betterment of human resources.

Additionally, BII continued its support of Bank Indonesia's Ayo ke Bank initiative by taking an active part in providing educational talks on banking products and financial management to students during its school programmes. The financial education programmes were also promoted in seven BII-supported schools.

The Group embarked on two major financial educational programmes with TV3 as part of its efforts to educate the public on financial planning and smart investing. The Stock Watch programme is a live weekly series show in English aimed at creating a savvier investing public. The programme features weekly updates on financial news, trends and earnings as well as projections and tips for the week ahead. It also provides market commentaries and business updates from local, regional and international perspectives. The programme made its debut in June 2008 and will continue until the end of December 2009.

The other programme Bijak Wang is a personal financing programme aimed at increasing financial literacy and management of one's personal finances and savings. The live talk show in Bahasa Malaysia features real-life case studies, financial counseling and viewer call-in.

Maybank also contributed RM150,000 to its two adopted schools in Penang under the PINTAR Programme. Support for educational programmes was also extended to Perdana Leadership Foundation, the Asian Strategy & Leadership Institute (ASLI) Capital Markets and Banking Summits, Lembaga Hasil Dalam Negeri Malaysia Debate Series for students, Malaysia-Japan Economic Association (MAJECA) forums and Institute Kefahaman Islam Malaysia Quality Management programmes.

The Group continued to support the Malaysian Industrial Development Authority's annual Trade & Investment Seminar in Singapore aimed at encouraging investors from Singapore into Malaysia besides enhancing bilateral trade ties between the two countries.

During the year, the Group together with the Council for Sustainable Development Malaysia held three seminars for small and medium enterprises (SME). The seminars held in Penang and Johor Bahru focused on adopting good CSR practices for business sustainability in the global supply chain.

Support of Health & Medical Causes & the Underprivileged

During the year, close to RM400,000 was allocated by the Group to support health and medical needs as well as the underprivileged. Organisations which received support included Persatuan Orang-orang Cacat Anggota Malaysia, Malaysian Association for the Blind, OrphanCare launched by HRH the Sultanah of Pahang, Yayasan DiRaja Sultan Mizan, Yayasan Johor Corporation's Tabung Tijarah Ramadhan, Petronita, Yayasan Sultanah Bahiyah, IJN Foundation and the Edge-Bursa Malaysia Kuala Lumpur Rat Race.

Maybank's contributions enabled the purchase of equipment and other types of assistance for orphanages, single mothers, the poor and the infirmed. Maybank Singapore also donated funds to Lakeside Family Centre and the needy students of Hua Yi Secondary School, while in Sabah, Maybank supported the Sutera Harbour 7K Sunset Charity Run in aid of the Special Olympics Sabah and Sabah Thalassaemia Society.

In Indonesia, BII introduced its BII Bergai programme to help fight malnutrition in children in underprivileged communities by collaborating with the United Nations World Food Programme. This saw children in 20 elementary schools receiving support worth USD100,000. In addition, BII supports the Yayasan Jantung Anak Indonesia foundation in giving hope to children with genetic heart disease to undergo heart surgery. BII also contributes funds towards Yayasan Daarul Rizky, which is a specialist cleft palate clinic, as well as corrective surgery and care for hernia patients. In November 2008, BII participated in the Wheels to Heal initiative, a fund-raising event held to purchase wheelchairs for 1,000 terminally-ill children through the Maria Monique Last Wish Foundation.

Maybank Cambodia donated a playground to PSE, an organisation dedicated to the care of vulnerable children and orphans. During the visit, the Bank's employees held games activities with the 107 children as well as shared a meal with them.

Promoting Development of Sports

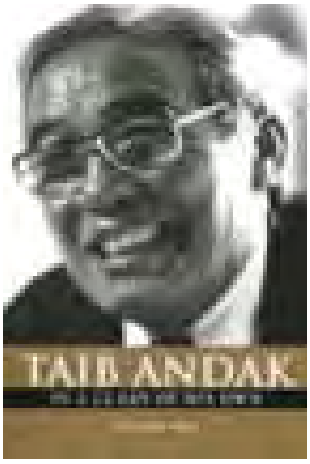
Maybank continued to be the title sponsor for the fourth consecutive year for the Maybank Malaysian Open 2009, one of the most prestigious international golf tournaments in Asia which carries world-ranking points and global viewership. The sponsorship drew a global audience of close to 400 million, providing immense exposure to the Maybank brand as well as promoting Malaysia as an international golf and sports destination. A junior golf training camp was also held in Kuala Lumpur as part of Maybank's contribution to the development of golf in the country to encourage aspiring young Malaysian golfers to excel as professionals and assist in the grooming of a potential international champion.

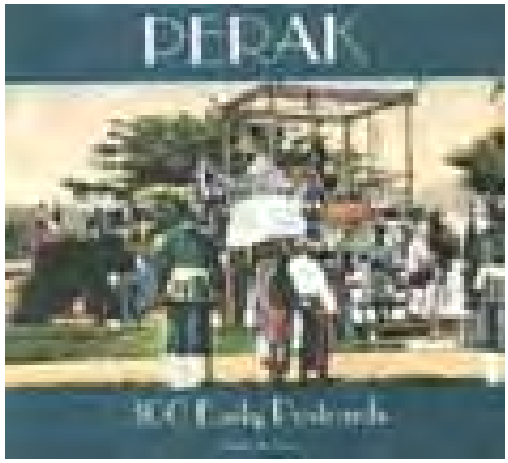
The Group continued to support Maybankers by encouraging the pursuit of a healthy lifestyle. During the year, more than RM1.5 million was disbursed for employee sport activities as well as the upgrading of the Menara Maybank Recreation Centre. In the tournaments which Maybank participated, the Bank emerged champions in the inter-financial institution games in golf, football, carrom and snooker. The annual Maybank Games which includes badminton, netball, basketball, football, hockey, table tennis, sepak takraw, tennis, futsal, squash and golf, attracted over 1,800 Maybankers from its Malaysian and Singapore operations.

Support for Arts & Culture

The Group played a significant role in promoting the historical heritage of the country by sponsoring two publications during the year. The first was a biography on the late Tan Sri Taib Andak, a former Chairman of Maybank and the first Malaysian to be appointed as Chairman of the Federal Land Development Authority (FELDA) in 1958. FELDA is today the most successful land development agency in Malaysia and a model for developing countries. Maybank also sponsored the book Perak: 300 Early Postcards which provides a rich pictorial perspective of the tin state from the 19th and 20th centuries.

Menara Maybank's Museum Numismatic Maybank continued to attract visitors to view its collection during the year. It is the only such museum set up by a commercial bank in Malaysia providing insight into the nation's rich numismatic history.





Commitment to the Environment

The Bank has a strong policy that supports environmental issues. Efforts to reduce its carbon footprint encompasses both its operational as well as product offerings.

Environment Protection & Conservation

The Bank has a strong policy that supports environmental issues. EIA considerations are part of its evaluation when providing financing. During the year, the Bank launched the Maybank 21st Century Structured Deposit (M21C), a structured capital guarantee deposit that allocates part of its investment to sustainable sectors, namely commodities.

The Bank's efforts to reduce its carbon footprint encompass both its operational as well as product offerings. In our daily operations, environment-friendly practices are constantly encouraged. This includes recycling of paper, electronic communication, utilising energy-saving practices for lighting and air-conditioning as well as centralised printing to reduce use of individual printers and consummables. Our internal employee communication portal, e-Portal, connects more than 10,000 Maybankers, eliminating a high volume of paper-based communication.

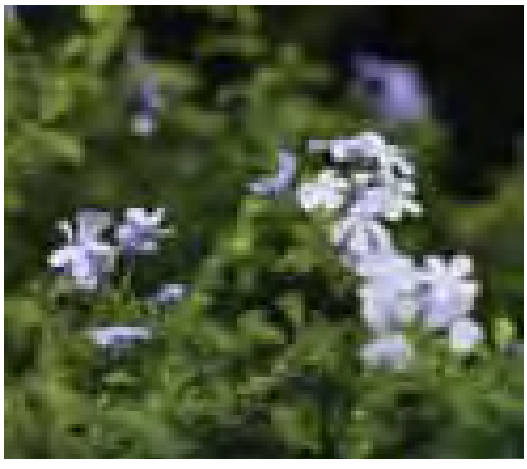
In introducing new products, the Bank is offering more paperless transactions, implementing electronic payment and online statements. The new American Express Gold Credit card provides online statements, while the nation's first Online Bill Presentation service with Tenaga Nasional Berhad introduced electricity bill statement and online payment via Maybank2u.com. Customers are also being encouraged to switch to online statements instead of receiving printed copies.

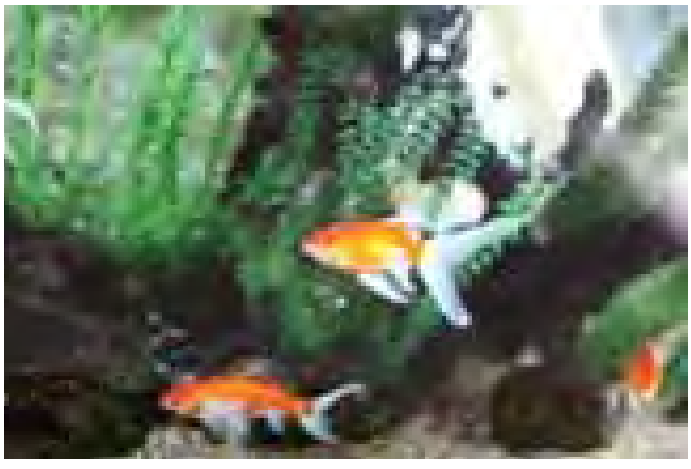
In March, Maybank participated in the worldwide symbolic Earth Hour 2009 campaign by switching off lighting for an hour at Menara Maybank, Dataran Maybank and Maybank Tower Singapore. Maybank Singapore also distributed energy-saving literature to over 1,000 households in the vicinity of Maybank@Yishun.

Maybank continued its animal conservation efforts through sponsorship of tigers at Zoo Negara, Zoo Melaka and Zoo Taiping. In Indonesia, BII held a BII Green Day at the University of Indonesia, Depok, by planting 490 species of trees including rukam, teak, Metrosideros petiolata, cananga, trengguli and Lagerstroemia speciosa.

Maybank was the only financial institution in Malaysia to participate in the Carbon Disclosure Project (CDP) 2008 questionnaire. The CDP project is a UK-based organisation which works with corporations and shareholders to disclose greenhouse gas emissions to encourage businesses to formulate as well as implement effective carbon emission reduction strategies as an integral policy in their organisation. The Bank has been participating in the project for the past three years to contribute to a greater global effort by corporations to reduce greenhouse gas emissions.

Maybank has through the years practised the concept of "Greening the City" at Menara Maybank itself with a lush garden of unique plant species and trees to enhance the ecological surroundings of the city. Among the rare species is the Couroupita Guianeensis or Canon Ball Tree originally from Guyana, which is possibly the only such species in Malaysia today.





Statement on Corporate Governance

The Board will continue to ensure that the right leadership, policy, strategy and internal controls, are well in place in order to continuously deliver and sustain the Bank's value propositions.

The Board of Directors of Maybank ("the Board") views with concern the current financial crisis that has seen the collapse of several prominent international banks, due to a certain extent, to less than robust risk management practices and a possible disregard for the long term interest of the companies and its stakeholders. Further to this, the Board has reflected on its governance responsibilities given that such impact had already shown serious repercussion to the reputation and sustainability of the companies.

In this context, the Board will continue to challenge the way the Bank operates and to provide the requisite leadership to navigate the current turbulence to achieve the desired aspirations. Hence, the Board will continue to ensure that the right leadership, policy, strategy and internal controls, are well in place in order to continuously deliver and sustain the Bank's value propositions for the benefit of its stakeholders generally, and at the same time, ensure continuing momentum towards reaching the Group's aspirations to be one of the leading regional financial services groups by 2015.

The Board reaffirms its belief that good corporate governance should not, however, be a mere statement of compliance. The Board aims to achieve the highest standards of business integrity, ethics and professionalism across all of the Group's activities. The Group further acknowledges the importance of corporate governance in enhancing stakeholders' value, increasing investors' confidence, establishing customers' trust and building a competitive organisation to support the Group's corporate vision of being the first choice financial partner in the target markets and countries that the Group serves. At Maybank, this commitment is integral to assure our shareholders and other stakeholders with confidence that Maybank is a truly well-managed and responsible company.

Whilst the Board considers that the Group is already in compliance with the Revised Malaysian Code on Corporate Governance ("the Code"), Bank Negara Malaysia's Revised Guidelines on Corporate Governance for Licensed Institutions ("BNM/GP1") and other relevant regulatory requirements such as the Bursa Malaysia Securities Berhad's ("Bursa Securities") Main Market Listing Requirements ("Listing Requirements"), the adoption of other recommendations on corporate governance in the Group's practices, in particular the "Green Book on Enhancing Board Effectiveness" ("Green Book") initiated by the Putrajaya Committee on GLC High Performance as part of the Government Linked Companies Transformation Programme as well as the recently issued Corporate Governance Guide ("CG Guide") by Bursa Securities in June 2009, is further testimony to the strong commitment of the Board to the highest standards of corporate governance. By discharging its duties professionally and effectively, including primarily by ensuring high corporate governance standards continue to be practised throughout the Group, shareholders' value is likely to be further protected and enhanced, and the financial performance and growth of the Group be better promoted and sustained. The Board will however continue to review its governance framework to ensure its relevancy and ability to meet the challenges of the future.

The CG Guide provides suggestions on how listed issuers are to fulfill their governance obligations, and sets out practical examples on how the principles and best practices of corporate governance can be implemented. Further to Maybank's current practices which are generally in line with best practices on corporate governance, the suggestions by the CG Guide, which include for examples sample of questionnaires and assessment forms to assist audit committee members to effectively discharge its oversight role, as well as sample performance assessment sheets for board, board committee and individual director / peer evaluation, would be taken into account, in line with Maybank's continuing initiative to enhance and improve its current practices, as appropriate.

The Board of Maybank is pleased to inform the shareholders on the manner in which the Group has applied the Principles of the Code and the extent of compliance with Best Practices of the Code, pursuant to Paragraph 15.25 of the Listing Requirements, throughout the financial year ended 30 June 2009.

EFFECTIVENESS OF THE BOARD OF DIRECTORS

Board Composition and Balance

As the largest banking group in the country, the crucial importance of a continuous and effective guidance and direction of its Board of Directors is firmly acknowledged. It is therefore only proper that particular attention is given to the composition and balance of the Board to ensure that it meaningfully as well as effectively embodies not only the necessary experience drawn from the relevant industry and the regulatory environment in which the Bank operates, but also possesses the appropriate business, financial and risk management skills. The Board considers objectivity and integrity, as well as the relevant skills, knowledge, experience, mindset and ability, necessary to assist the Board in discharging its roles and responsibilities, as the pre-requisites for each appointment of a new director on the Board of Maybank. The directors' relevant industry background ensures that they have the understanding of the fiduciary duties and responsibilities of the board of directors and the ability to better appreciate the industry within which Maybank operates, as well as its current and future competitive environment.

Recently, eight new members were appointed to the Board, namely Tan Sri Datuk Dr Hadenan A. Jalil, Dato' Seri Ismail Shahudin and Dato' Dr Tan Tat Wai on 15 July 2009, Encik Zainal Abidin Jamal on 22 July 2009, and Mr Alister Maitland, Mr Cheah Teik Seng, Dato' Johan Ariffin, and Mr Sreesanthan Eliathamby on 26 August 2009.

The year also saw the retirements of Mr Teh Soon Poh, Datuk Abdul Rahman Mohd Ramli and Haji Mohd Hashir Haji Abdullah, and resignations of Dato' Aminuddin Md Desa (as an executive director), Tan Sri Megat Zaharuddin Megat Mohd Nor, Tan Sri Dato' Sri Chua Hock Chin and Datuk Zainun Aishah Ahmad.

These appointments and resignations represented a significant development in Maybank Board's on-going holistic review of its very own transition and succession planning exercise, a key initiative formulated by the Board in 2007. The transition started in September of that year with the retirement of three long serving directors from the Bank. This continuous process, driven by the Board itself, subsequently witnessed further changes to the Board of Maybank and in total thus far this exercise - not including the changes effected in July and August 2009 - involved three new appointments and six resignations, not including the executive directorship positions, which have also changed during the same period. The implementation of the transition and succession planning exercise also however takes cognizance of the need to maintain elements of continuity in the composition, proceedings and stability of the Board.

The Board's transition and succession planning exercise is an important initiative of the Bank, designed to be in line with international best practices on Board Governance and Effectiveness. It is also at the same time intended to ensure that the Board members possess the critical competencies necessary to continuously rejuvenate and strengthen the Board's prevailing skills mix in order to better position the Maybank Group in facing the present global financial crisis as well as the increasingly challenging operating environment domestically, as well as regionally, now and going forward.

Following the above changes to its composition, the Board currently has twelve (12) members, comprising one (1) executive director and eleven (11) non-executive directors, of whom seven (7) are independent. The current composition of the Board is in compliance with Paragraph 15.02 of the Listing Requirements as more than half of its members are independent directors.

Datuk Syed Tamim Ansari Syed Mohamed who retires by rotation in accordance with Articles 96 and 97 of the Company's Articles of Association will not seek re-election at the forthcoming AGM. Tan Sri Mohamed Basir Ahmad who retires persuant to Section 129 of the Companies Act, 1965, will not seek re-appointment at the forthcoming AGM. They will therefore retire upon the conclusion of said AGM.

A brief profile of each member of the Board is presented on pages 70 to 81 of this Annual Report. The composition of the Board fairly reflects the interest of the majority shareholder, which is adequately represented by the appointment of its nominee directors without compromising the interest of the minority shareholders. The influence of the nominees for the major shareholder of Maybank is balanced by the presence of the independent directors on the Board whose collective views carry significant weight in the Board's deliberation and decision-making process. In this regard, the independent directors are in effect representing the interest of the minority shareholders by virtue of their roles and responsibilities. The independent directors do not participate in the day-to-day management of the Group and do not engage in any business dealing or other relationships with the Group in order to ensure that they remain truly capable of exercising independent judgement and act in the best interests of the Group and its shareholders. Further, the Board is satisfied and assured that no individual or group of directors has unfettered powers of decision that could create a potential conflict of interest.

Pursuant to BNM/GP1, the Board has determined and considered that its current size of 12 members is appropriate to enable an efficient and effective conduct of board deliberation. The Board is of the view that an ideal Board's size should adequately comprise between 10 to 12 members that would enable the Board to discharge its function in a professional manner in consideration of the size, breadth and complexity of the Group's business activities, domestically as well as internationally. The Board's view is also in line with the Green Book that recommends that the composition of the board should be no larger than ten (10) directors but also states the number of directors can be up to twelve (12) if the situation warrants it.

The Board believes that the quality of its directors, each of whom offers a broad range of skills, knowledge and experience, ensures that they are able to challenge, develop and drive the Group's vision and strategy, and that the governance standards are continuously upheld. The Chairman will always ensure that the Board's decisions are based on consensus of the majority, and any concerns or dissenting views expressed by any directors on any matters deliberated at meetings of the Board or any of its Committees as well as the meeting's decision, will accordingly be addressed and recorded in the relevant minutes of meetings.

Independence of Non-Executive Directors

The Board has determined the following criteria as essential when assessing the independence of each independent non-executive director:-

- Able to challenge the assumptions, beliefs or viewpoints of others with intelligent questioning, constructive and rigorous debating, and dispassionate decision for the good of the company;
- Is willing to stand-up and defend his own views, beliefs and opinions for the ultimate good of the company; and
- Has a good understanding of the company's business activities in order to appropriately provide response on the various strategic and technical issues confronted by the Board.

The Board considers and concludes that all seven (7) independent non-executive directors, namely Datuk Syed Tamim Ansari Syed Mohamed, Tan Sri Datuk Dr Hadenan A. Jalil, Dato' Seri Ismail Shahudin, Dato' Dr Tan Tat Wai, Mr Alister Maitland, Mr Cheah Teik Seng and Dato' Johan Ariffin possess the said qualities and is confident that they will demonstrate the above behaviours and comply with the definition of independence as set out under the Listing Requirements and BNM/GP1.

Brief profiles of the seven (7) independent non-executive directors are as follows:-

Datuk Syed Tamim Ansari Syed Mohamed who serves the Board as an independent non-executive director since October 2007, was the Divisional Director of Sime Darby Berhad's Plantations Division as well as the Managing Director of Consolidated Plantations Berhad from 1999 to 2006. Prior to his retirement, he served as the Divisional Director, Special Projects (Northern Corridor Economic Region) until July 2007.

Tan Sri Datuk Dr Hadenan A. Jalil was appointed as an independent non-executive director on the Board of Maybank on 15 July 2009. A former top-level civil servant, Tan Sri Datuk Dr Hadenan had served with the Government for 36 years in various capacities at the Treasury, the Ministry of International Trade and Industry and the Ministry of Works. He subsequently assumed the position of Auditor General from 2000 to 2006. He is currently the Chairman of ICB Islamic Bank Ltd (Bangladesh) and PNB Commercial Sdn Bhd. He is also the Chairman of the Operations Review Panel of the Malaysian Anti-Corruption Commission. He is also a Director of Unilever (Malaysia) Holdings Sdn Bhd and a member of Audit Committee Johor Corporation.

Dato' Seri Ismail Shahudin was appointed as an independent non-executive director on the Board of Maybank on 15 July 2009. A seasoned banker, he had held senior positions in Citibank, United Asian Bank and Maybank, where he was appointed as the Executive Director in 1997. He left Maybank in 2002 to assume the position of Group Chief Executive Officer of MMC Corporation Berhad. Subsequently, he was made the Chairman of Bank Muamalat Malaysia Berhad in 2004 until his retirement in July 2008. Dato' Seri Ismail currently sits on the boards of UEM Group Berhad, PLUS Expressways Berhad, Aseana Properties Limited (a company listed on the London Stock Exchange), SMPC Corporation Berhad, EP Manufacturing Berhad and several other private limited companies.

Dato' Dr Tan Tat Wai was appointed as an independent non-executive director on the Board of Maybank on 15 July 2009. Dato' Dr Tan is a well-respected economist by profession and started his career with Bank Negara Malaysia in 1978 undertaking research in economic policies and was subsequently appointed as the consultant to Bank Negara Malaysia, the World Bank and the United Nations University for several years. He also served as the Secretary and a member on the Council of Malaysian Invisible Trade that was set-up to formulate policies to reduce Malaysia's deficit in service trade. He represents Malaysia as a member of the APEC Business Advisory Council and sits on the Council of Wawasan Open University. Dato' Dr Tan is currently the Group Managing Director of Southern Steel Berhad, a post he has held since 1983. He also sits on the boards of Shangri-la Hotels (Malaysia) Berhad, Titan Chemicals Corp Berhad and NSL Ltd, a company listed on the Singapore Exchange.

Mr. Alister Maitland was appointed as an independent non-executive director on the Board of Maybank on 26 August 2009. In his career spanning 35 years in Australia, New Zealand and the UK, Mr. Alister Maitland held many key roles within the ANZ Banking Group Ltd including that of Chief Economist and Managing Director of ANZ New Zealand. In his last six years with the ANZ Group, he served on the main board of ANZ Bank as Executive Director International, directly responsible for ANZ Group's operations in 42 countries. Mr. Alister Maitland is currently Chairman of Folkestone Ltd. He also sits on the board of directors of Lihir Gold Ltd and was previously Chairman of Eastern Health, a Victorian government organisation.

Mr Cheah Teik Seng was appointed as an independent non-executive director on the Board of Maybank on 26 August 2009. Mr Cheah had served in the civil service in the early '80s. Since leaving government service, he has served in various capacities in the banking and financial services industry both locally in Malaysia as well as in London, Hong Kong and Singapore. Mr Cheah had held positions in Public Bank, Chase Manhattan Bank, Merrill

Lynch, Goldman Sachs, UBS and in BNP Paribas holding the position of Managing Director for a tenure of 9 years. He was appointed as CEO-designate of ECM Libra Avenue Group in 2006. Mr Cheah is currently a director and partner of Aktis Capital Singapore Pte Ltd. He sits on the boards of various private equity companies in Hong Kong, China and Malaysia. He is also an independent non-executive director of two hedge funds.

Dato' Johan Ariffin was appointed as an independent non-executive director on the Board of Maybank on 26 August 2009. Dato' Johan had served in the real estate division of Citibank and held various senior positions in several public listed companies as well as venturing into his own successful marketing and advertising consultancy and property development business. He headed Danaharta's Property Division as Senior General Manager before moving on to head TTDI Development Sdn Bhd up to January 2009. Dato' Johan is currently the Chairman of Mitraland Properties Sdn Bhd and a National Council Member of the Real Estate Housing Developers' Association Malaysia (REHDA), besides serving on the boards of several other companies.

The independent non-executive directors of Maybank continue to proactively engage with senior management and other relevant parties such as the external and internal auditors to ensure that the various concerns and issues relevant to the management and oversight of the business and operations of the Bank and the Group are properly addressed.

Senior Independent Director

In line with best practices on corporate governance, the Board has identified and appointed Tan Sri Datuk Dr Hadenan A. Jalil as the Senior Independent Director ("SID") of the Board to whom concerns of shareholders and stakeholders may be conveyed. The SID is responsible to address concerns that may be raised by the shareholders.

The SID may be contacted at the following address:-

Senior Independent Director
c/o: General Counsel & Company Secretary
Corporate & Legal Services
14th Floor, Menara Maybank
100 Jalan Tun Perak, 50050 Kuala Lumpur

Roles and Responsibilities of the Board

The Board has the responsibility to approve and periodically review the overall business strategies and significant policies of the Bank. It evaluates the views of the senior management by carrying out thorough examination of the Group's present and future strategic directions. The Board is also responsible for ensuring that senior management maintains and refreshes its system of internal control to ensure that it would continuously be able to provide robust and satisfactory assurances of its effectiveness and efficiency, in relation to operations, internal financial controls, and compliance with relevant laws and regulations. The Board also sets the Company's core values and adopt proper standards to ensure that the Bank operates with integrity and complies with the relevant rules and regulations. The Board has a formal schedule of matters reserved for its decision which include, amongst others, the following:-

- Reviewing and approving the strategic business plans for the Bank and Group;
- Identifying and managing principal risks affecting the Group;
- Reviewing the adequacy and integrity of the Group's internal control system;
- Overseeing the conduct and the performance of the Group's businesses;
- Approving appointment and compensation of senior management staff;
- Approving new policies pertaining to staff salary and benefits;
- Approving changes to the corporate organisation structure;
- Approving the appointments of directors and directors' emoluments and benefits in accordance with relevant statutes; and

- Approving policies relating to corporate branding, public relations, investor relations and shareholder communications programmes.

Role and Responsibilities of the Chairman and the President & Chief Executive Officer ("CEO")

The roles and responsibilities of the Chairman and the President & CEO are clearly separated, defined and documented for approval by the Board. This distinction allows for a better understanding and distribution of jurisdictional responsibilities and accountabilities. The clear hierarchical structure with its focused approach and attendant authority limits also facilitates efficiency and expedites informed decision-making.

Chairman

Tan Sri Mohamed Basir Ahmad is the Chairman of Maybank. Tan Sri Mohamed Basir has never assumed an executive position in Maybank, prior to his present position. As the Chairman, he continuously works together with the rest of the Board in setting the policy framework to align the business activities driven by the senior management with the Group's objectives and aspirations, and ensuring that the Board supports the strategy formulated by the Bank and monitors its implementation.

The Chairman ensures orderly conduct and proceedings of the Board, where healthy debates on issues being deliberated are encouraged to reflect an appropriate level of scepticism and independence. He also ensures that each board decision is made collectively and reflects the will of the majority.

The Chairman takes the lead to ensure the appropriateness and effectiveness of the succession-planning programme for the Board and senior management levels. He also promotes a healthy working relationship with the President & CEO and provides the necessary support and advice as appropriate. He continues to demonstrate the highest standards of corporate governance practices and ensures that these practices are regularly communicated to the stakeholders.

President & CEO

Dato' Sri Abdul Wahid Omar is the current President & CEO of Maybank who is primarily responsible for overseeing the day-to-day operations to ensure the smooth and effective running of the Group. Furthermore, he is responsible for mapping the medium to longer term plans, and implementing the policies and decisions of the Board, as well as coordinating the development and implementation of business and corporate strategies, specifically by making sure that they are carried through to their desired outcomes especially in the institution of remedial measures to address identified shortcomings. He is also responsible for developing and translating the strategies into a set of manageable goals and priorities, and setting the overall strategic policy and direction of the business operations, investment and other activities based on effective risk management controls.

The President & CEO ensures that the financial management practice is performed at the highest level of integrity and transparency for the benefit of the shareholders and that the business and affairs of the Bank are carried out in an ethical manner and in full compliance with the relevant laws and regulations. His other responsibilities include ensuring that whilst the ultimate objective is maximising shareholders return, the social and environmental factors are not being neglected, and also developing and maintaining strong communication programmes and dialogues with the shareholders, investors, analysts as well as employees, and providing the effective leadership to the organisation. He is also responsible for ensuring high management competency as well as the emplacement of an effective succession plan to sustain continuity of operations. The President & CEO, by virtue of his position also functions as the intermediary between the Board and senior management.

Board Appointment Process

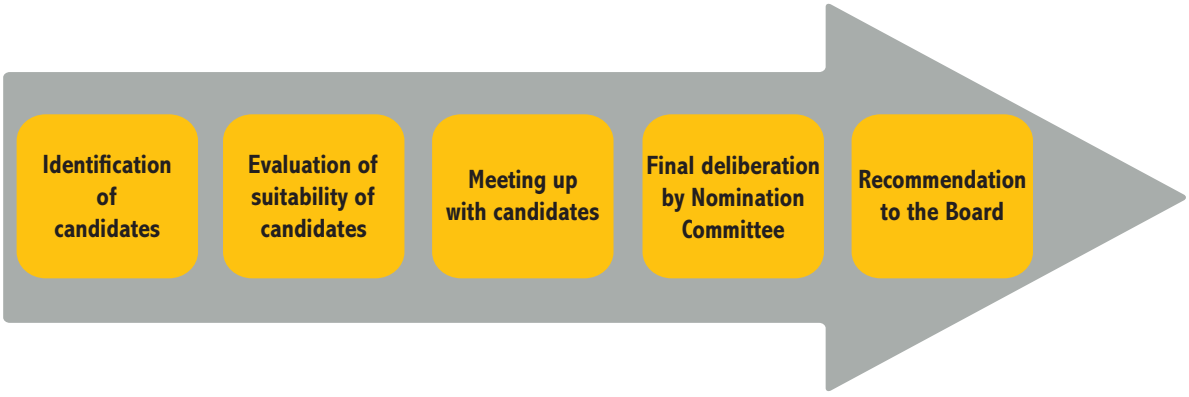
There is a formal and transparent procedure for the appointment of new directors to the Board, the primary responsibility of which has been delegated to the Nomination Committee. The Nomination Committee

comprises exclusively of non-executive directors, with the Chairman and the majority of whom are independent. This composition ensures that any decisions made are impartial and in the best interest of the Group. Guided by the Group's Policy on Fit and Proper Criteria for Appointment as Chairman, Directors and Chief Executive Officers of Licensed Institutions in Maybank Group ("Fit and Proper Policy") and in line with BNM/GP1, the Nomination Committee recommends to the Board suitable candidates for directorships and appointment of key senior personnel of the Bank and relevant subsidiaries. The Nomination Committee also ensures candidates satisfy the relevant requirements on the skills and core competencies of a director and are deemed fit and proper to be appointed as director in accordance with the Fit and Proper Policy.

The Fit and Proper Policy acts as a guide for the Nomination Committee and the Board to determine the overall suitability of a candidate to be appointed to the Board. The Fit and Proper Policy outlines the attributes and qualifications of a candidate to determine his suitability, amongst others, in respect of his management and leadership experience, which ought to be at the most senior level in a reputable local or international financial services group, public corporations, or professional firms. In respect of the candidate's skills, expertise and background, he should ideally and to the extent available, possess a diverse range of skills, including, in particular, business, legal and financial expertise, professional knowledge and financial industry experience, as well as experience in regional and international markets.

The Fit and Proper Policy is also critical as a guiding mechanism to identify the gaps in skills of the composition of the Board. The Fit and Proper Policy outlines the requirement for non-executive directors of Maybank who have reached the age of 70 and above, and those who have served the Board for 12 years and more to submit their resignation letters annually to the Nomination Committee six months before the AGM, for appropriate recommendations to be made to the Board.

The Policy on the Nomination Process for the Appointment of Chairman, Director and CEO of Licensed Institutions in the Group ("Policy on Nomination Process") sets out a clear and transparent nomination process on the same. The nomination process involves the following five (5) stages:-


Identification of candidates
Evaluation of suitability of candidates
Meeting up with candidates
Final deliberation by Nomination Committee
Recommendation to the Board

Upon the approval by the relevant Board, the application for the appointment of such candidates would thereafter be submitted to Bank Negara Malaysia for the requisite approval under the Banking and Financial Institutions Act, 1989 ("BAFIA") and Insurance Act 1996, as the case may be.

The appointment process for executive directors would in essence include the identification of potential candidates by a special Committee of the Board based on the description on the expectation of the roles and capabilities required by the Board. This is subsequently followed by a submission to the Nomination Committee for

deliberation and ultimately, the final recommendation to the Board for approval.

During the year, five (5) non-executive directors had tendered their resignation and retired as the directors on the Board of Maybank and its respective committees, namely Tan Sri Dato' Megat Zaharuddin Megat Mohd Nor on 15 February 2009, Datuk Abdul Rahman Mohd Ramli on 31 March 2009, Haji Mohd Hashir Haji Abdullah and Tan Sri Chua Hock Chin on 15 July 2009 and Datuk Zainun Aishah Ahmad on 22 July 2009. In addition, at the previous Annual General Meeting, one of the former non-executive directors, namely Mr Teh Soon Poh had opted not to seek for re-election as director and retired on 25 September 2008. Dato' Aminuddin Md Desa, formerly an executive director had resigned on 1 November 2008 and resumed his previous position as Head, Insurance & Takaful, Maybank Group and Executive Director/CEO of Mayban Fortis Holdings Berhad.

Guided by the above policy, the Nomination Committee has, during the year under review evaluated and recommended the appointment of Mr Spencer Lee Tien Chye as a non-independent non-executive director on the Board of Maybank and was thereafter appointed on 1 December 2008. The Board believes that the appointment of Mr Spencer Lee Tien Chye who had served with the Maybank Group for more than 30 years in various capacities which included positions as Head, International Business and Country Head, Maybank Singapore (1992 to 2004) and Head, Consumer Banking (2004 to 2008) would complement and positively add value to the collective wisdom of the Board.

Recently, in addition to the new Board appointments of the aforesaid six (6) independent non-executive directors, the Board also considered and approved the recommendation of the Nomination Committee on the appointments of Encik Zainal Abidin Jamal and Mr Sreesanthan Eliathamby, both as non-independent non-executive directors (nominees of Permodalan Nasional Berhad) on the Board.

Encik Zainal Abidin Jamal is a practising corporate and commercial lawyer and had founded his own firm of Zainal Abidin & Co. in 1987, where he is the Founder and Senior Partner. He was enrolled as an Advocate & Solicitor of the High Court of Malaya in 1986. Between 1983 and 1986, he served as the Company Secretary of Harrisons Malaysian Plantations Berhad. Previously, he had also practised in Singapore and served as a First Class Magistrate in Brunei.

Mr Sreesanthan Eliathamby is an Advocate & Solicitor and a Partner with the legal firm of Messrs Kadir, Andri & Partners. He was formerly a Legal Assistant and later a Partner with the legal firm of Messrs Zain & Co. Mr. Sreesanthan is a member of the Investment Committee of Amanah Saham Wawasan 2020 Fund, Bursa Malaysia Listing Committee and the Investigating Tribunal Panel of the Advocates and Solicitors' Disciplinary Board. He currently sits on the Boards of Chemical Company of Malaysia Berhad, Scomi Group Berhad and Guinness Anchor Berhad.

The Board considers that the recent appointments of Tan Sri Datuk Dr Hadenan A. Jalil, Dato' Seri Ismail Shahudin, Dato' Dr Tan Tat Wai, Encik Zainal Abidin Jamal, Mr Alister Maitland, Mr Cheah Teik Seng, Dato' Johan Ariffin, and Mr Sreesanthan Eliathamby each of whom brings their own unique skills, experience and knowledge in the commercial sector with particular exposure in the financial-related industry will ensure that the critical competencies gaps identified by the Board are appropriately addressed and provide fresh insights that would help the Bank overcome the challenges ahead.

Annual Board Assessment

One of the broad responsibilities of the Nomination Committee is to provide a formal and transparent procedure for the assessment of effectiveness of individual directors, the board as a whole and the performance of the CEO and key senior management officers. In line with BNM/GP1 and for this purpose, the Nomination Committee has established clear selection

criteria, processes and procedures to assess each director's ability to contribute to the effective decision-making of the Board. In addition, assessment would also be undertaken to gauge the effectiveness of the relevant Board Committees.

The Directors, Board and Peer Annual Assessment exercise was primarily based upon the answers to a detailed questionnaire which was prepared internally by Corporate & Legal Services of Maybank. The assessment form would be distributed to all the respective Board members and covers topics which include, amongst others, the responsibilities of the Board in relation to strategic planning, risk management, performance management, financial reporting, audit and internal process, human capital management, corporate responsibility, communication, corporate governance, and shareholders' interest and value. Other areas being assessed include Board composition and size, the contributions of each and every member of the Board at meetings, the Board's decision-making and output, information and support rendered to the Board as well as meeting arrangements. Thereafter, the ratings and comments would be synthesised into a report and tabled to the Nomination Committee for deliberation thereof. Subsequently the report would be tabled for the final endorsement of the Board.

The peer annual assessment exercise involves the evaluation of the performance of each and every member of the Board by their fellow directors, and the findings and results of such evaluation would only be made privy to the Chairman of the Nomination Committee and the Chairman of the Board. Further to the set benchmark of 80% in respect of total score for performance of each director as assessed by his peers, the Chairman would discuss with members who achieved a score of less than 80% on areas of performance improvement.

Based on the last assessment exercise, overall, the Board has identified several gaps concerning certain aspects of the Group's operations, for improvement as follows:-

(i) To ensure the Board has sufficient visibility of pool of future leaders;
(ii) To ensure adequate succession planning and the appointment, training of CEO, criteria for and evaluate performance of the CEO are timely set, with a formal and timely review at least annually;
(iii) To ensure adequate succession planning and the appointment, training and motivating of executive directors and GMC members;
(iv) To ensure talent management for executives across the group is kept under review;
(v) To ensure review of procedures and practices employed in relation to health and safety of employees, and the environment and community in which the Group operates under is conducted; and
(vi) To ensure there is ample opportunity to assess performance and potential of senior talents of the Group.

The Board had subsequently deliberated and approved an Actionable Improvement Programme ("AIP"), which included the specific actions to be taken to address the said gaps and had also endorsed regular monitoring of the AIP with the aim to strengthening Board engagement and overall effectiveness.

Board Charter

The CG Guide by Bursa Securities encourages every board to have a board charter outlining the roles and responsibilities of the directors. Currently, Maybank has in place its own version of Board Charter which comprises, amongst others, well defined terms of reference as well as authority limits for the Board and its committees, the various relevant internal policies such as Policy on Access to Independent Professional Advice, Senior Management and Company Secretary, Fit and Proper Policy, and Policy on Nomination Process.

Board Satisfaction Index

In an effort to ensure continuing adequate support is provided to the Board to assist directors in discharging their duties effectively, a Board Satisfaction Index or survey formulated internally was introduced for the financial year ended 30 June 2009. The areas of assessment cover transactional and operational efficiency, which includes Board and Board Committees

minutes, papers and meeting arrangements, and training and knowledge management, as well as advisory services on matters concerning directors' duties, such as on disclosure of interests and prohibition against trading. The rating assigned was from 5 (Very Satisfied) being the highest rating to 1 (Completely Dissatisfied).

Based on feedback received from Board members, the Board was generally satisfied with the support provided for the period under review. However, every effort is undertaken to continuously raise the standard of service to the Board in support of the Board's commitment to the highest standards of best practices of corporate governance.

Board Meetings

The Board meets every month with additional meetings convened as and when urgent issues and important decisions are required to be taken between the scheduled meetings. During the financial year ended 30 June 2009, the Board met 24 times to deliberate and consider a variety of significant matters that required its guidance and approval.

All directors have complied with the requirement that directors must attend at least 75% of Board meetings held in the financial year in accordance with BNM/GP1, and attended at least 50% of Board meetings held in the financial year pursuant to the Listing Requirements. Details of attendance of each director who was in office during the financial year ended 30 June 2009 are as follows:-

Directors	No. of Meetings and Attendance	Percentage of Attendance
Tan Sri Mohamed Basir Ahmad	23/24	96%
Dato' Sri Abdul Wahid Omar	24/24	100%
Datuk Syed Tamim Ansari Syed Mohamed	24/24	100%
Mr Spencer Lee Tien Chye[1]	11/11	100%
Mr Teh Soon Poh[2]	6/6	100%
Dato' Aminuddin Md Desa[3]	9/10	90%
Tan Sri Dato' Megat Zaharuddin Megat Mohd Nor[4]	14/15	93%
Datuk Abdul Rahman Mohd Ramli[5]	16/18	89%
Haji Mohd Hashir Haji Abdullah[6]	24/24	100%
Tan Sri Dato' Sri Chua Hock Chin[7]	20/24	83%
Datuk Zainun Aishah Ahmad[8]	22/24	92%

[1] Appointed as director with effect from 1 December 2008

[2] Retired as director with effect from 25 September 2008

[3] Resigned as director with effect from 1 November 2008

[4] Resigned as director with effect from 15 February 2009

[5] Retired as director with effect from 31 March 2009

[6] Retired as director with effect from 15 July 2009

[7] Resigned as director with effect from 15 July 2009

[8] Resigned as director with effect from 22 July 2009

Out of the 24 Board meetings, three (3) Board meetings were held at regional operation centres located outside of Kuala Lumpur and Malaysia, namely Kuching, Port Dickson and Singapore to enable the members to visit the numerous operation centres not only to provide more effective oversight but also to better understand the Group's operations' needs and issues as well as meeting with the management and staff at Group and Region level at sessions and events organised in conjunction with the Board meetings. These sessions would include feedback on the formulation of the Group's strategic direction, moving forward. Furthermore, members are also welcomed for individual site visits, and interact with the senior management on any particular concerns.

However, the arrangement for Board meetings to be held outside of Kuala Lumpur and the country is presently reviewed more selectively due to the current economic climate as well as in line with the Group's cost-saving measure.

Nevertheless, the practice of Board members who are also members of overseas subsidiaries Boards as well as key senior management attending the various board meetings, in particular following the recent overseas acquisitions, is continued in order to maintain oversight and ensure the operations of the respective subsidiaries are aligned with the Group's strategies and objectives.

Quality of Meeting Materials

Board Meetings for the ensuing financial year are scheduled in advance before the end of the financial year, specifically before the end of the calendar year, so as to allow members of the Board to plan ahead and fit the coming years' Board and Board Committees meetings into their respective schedules.

The Chairman takes responsibility for ensuring that the members of the Board receive accurate, timely and clear information in respect of the Group's financial and operational performance to enable the Board to make sound decision and provide the necessary advice. In this connection, the Company Secretary will assist the Chairman to ensure that the process of disseminating the information is effective and reliable. Furthermore, in order to provide for adequate and thorough discussion of the respective matters within a reasonable and sufficient time, the President & CEO together with the Chairman would decide on the agenda and accordingly structure and prioritise the respective matters based on their relevancy and importance.

Prior to each Board meeting, an agenda together with comprehensive reports for each agenda item to be discussed will be forwarded to each director at least five (5) clear days before the scheduled meeting to give reasonable time for the directors to review the reports and to enable the directors to obtain further clarification or explanation, where necessary, in order to be adequately apprised before the meeting. However, papers that are deemed urgent, may still be submitted to the Company Secretary after the expiry of such deadline of submission of papers to be tabled to the Board subject to the approval of the President & CEO. As for highly confidential and sensitive issues to be discussed at the Board meeting, written materials would only be distributed to directors at the meeting itself, in consultation either with the Chairman or President & CEO.

Feedbacks are obtained from directors on the quality and quantity of meeting papers as part of the annual assessment of the Board's current meeting practices. Even though the format of meeting papers has been reviewed and implemented throughout the Group via the issuance of the relevant guidelines on meeting papers in November 2006, senior management continues to review and improve the format, where appropriate to ensure comprehensive, relevant yet concise meeting papers are submitted by the originators to the Board for its consideration. The current format and structure of the Board meeting papers are such that they are designed to contain sufficient and relevant information pertaining to the business, operations and management of the Bank in a clear and concise manner to enable the directors to effectively discharge their duties under the law and in accordance with the relevant corporate governance guidelines. The format of the meeting papers includes the following:-

Action required for Board's consideration	• Whether to approve, to ratify or merely to be noted
The background, summary of rationale	• The reason or the need for the paper to be submitted to the Board
The issues and/or options	• The various implications and options arising out of the proposal including key milestones and targeted completion date where applicable
Conclusion and recommendation	• The conclusion of what is required of the Board
Identification of the originator	• The parties who prepared and reviewed the report

In line with Corporate & Legal Services' continuous effort to improve the delivery of quality board papers in accordance with the Bank's Policy on Submission of Board Papers, a Board Feedback Form had been introduced commencing at the Board meeting in April 2009. Directors now have the opportunity to provide immediate written feedback and recommendations in respect of the quality of the meeting papers, specifically whether the paper is concise and well understood, clear and properly structured, contain sufficient information on key issues, risk and rationale, and whether the paper provides clear analytical and critical analysis supported by reasonable facts. Such feedback would be relayed to the originator of the paper for further improvements and reference in the preparation of future meeting papers.

At Board meetings, presentations and briefings by external consultants or advisors on relevant papers, particularly those involving complex issues are also held to assist directors to deliberate and decide on such matters. The Board also monitors the status and follow-up actions on issues raised at Board meetings vide Matters Arising which is a fixed item in the meeting agenda. Minutes of each Board meeting are also circulated to all directors for their perusal prior to confirmation of the minutes before the commencement of the following Board meeting. The directors may request for clarification or raise comments on the minutes prior to the confirmation of the minutes.

In relation to the minutes of Board meetings, the Code requires the Board to properly record decisions made as well as all the issues discussed in arriving at the decisions. The rationale for such requirement is that it would provide a historical record and insight into those decisions, and consequently offers some protection to the director who has an alternative or dissenting view. In accordance with the expectations of Bank Negara Malaysia and the continuous practice of the Group, the Bank's minutes of meetings of the Board and various Board Committees incorporate the discussions of the members at the meetings in arriving at decisions and are concise and accurate.

Minutes of meetings of the Group Management Committee of Maybank ("GMC") are also circulated to directors well ahead of the scheduled Board meetings to enable the directors to review issues raised at senior management level and to facilitate discussions at the Board meetings when the relevant matters and papers are escalated or alternatively directors can raise issues arising therefrom, as appropriate. In addition, the minutes of the various Executive Level Committees would be tabled at the GMC meetings for information, and the GMC members may raise any issues arising from such committee meetings for discussion.

The Company Secretary also ensures that a quorum is present at a commencement of each Board and Committees meeting in order to constitute a valid meeting.

Quality and Supply of Information to the Board

The Board has full and unrestricted access to all information pertaining to the Group's businesses and affairs to enable it to discharge its duties effectively. Directors also have full and unrestricted access to the advice and services of the senior management and the Company Secretary of the Group. In addition to formal Board meetings, the Chairman maintains regular contact with the President & CEO to discuss on specific matters, and the latter assisted by the Company Secretary ensures that frequent and timely communication between the senior management and the Board is maintained at all times as appropriate.

Directors are also regularly updated and apprised of any new regulations and guidelines, as well as any amendments thereto issued by Bank Negara Malaysia, Bursa Securities, Securities Commission, Companies Commission of Malaysia and other relevant regulatory authorities including recommendations on corporate law reform in Malaysia as well as relevant foreign jurisdictions, particularly the effects of such new or amended regulations and guidelines on directors specifically, and the Bank and the Group generally.

In respect of carrying out its duties in overseeing the management of compliance risk, the Board has direct and unrestricted access to the Compliance Unit, which reports directly to the Board. The Compliance Unit was established with the mission to facilitate and promote the development of a compliance culture, which is conducive to minimising regulatory risk of the Maybank Group and the resultant sanctions and reputational damage. Its core functions include:-

- Managing the Anti-Money Laundering/Counter Financing of Terrorism (AML/CFT) governance, framework, procedures, information systems and internal controls in combating money laundering and terrorist financing activities;
- Developing and enhancing Group Compliance framework, policies and procedures;
- Conducting independent evaluation and certification of compliance health of the Group; and
- Promoting the adoption of compliance culture through Compliance Branding/ Programmes.

Independent Professional Advice

Individual directors may also seek independent professional advice at the Bank's expense where necessary, in the furtherance of their duties in accordance with the Bank's Policy and Procedure on Access to Independent Professional Advice, Senior Management and Company Secretary by Directors of Maybank Group. Copies of any reports, advice and recommendations provided by the independent professional adviser to a respective director, would be forwarded by the said director to the Company Secretary, who will, where appropriate, circulate them to other directors to ensure that they are kept informed of pertinent issues, which may have an impact on the Group's growth and performance.

Company Secretary

The General Counsel and Company Secretary, in his function as the Company Secretary is responsible for advising the Board on issues relating to corporate compliance with the relevant laws, rules, procedures and regulations affecting the Board and the Group, as well as the best practices of governance. He is also responsible for advising the directors of their obligations and duties to disclose their interest in securities, disclosure of any conflict of interest in a transaction involving the Bank, prohibition on dealing in securities and restrictions on disclosure of price-sensitive information.

The duties of the Company Secretary also include, amongst others, the following:-

- Attending Board and Board Committee meetings and ensuring that the proceedings of Board and Board Committee meetings and decisions made thereof, are accurately and sufficiently recorded;
- Ensuring that minutes of meeting are properly kept for the purposes of meeting statutory obligations, as well as obligations arising from the Listing Requirements, Bank Negara Malaysia or other regulatory requirements;
- Communicating the decisions of the Board for senior management's attention and further action;
- Ensuring all appointments and re-appointments of directors are in accordance with the relevant legislations;

- Handling company share transactions, such as issuance of new shares and arranging for payment of dividends; and
- Advising directors on regulatory compliance issues relevant to directors' duties, including on the closed period for trading in Maybank shares, pursuant to Chapter 14 of the Listing Requirements on Dealings in Securities.

All Directors have access to the advice and services of the Company Secretary.

Structured Training Programme for Directors

The Board assumes the responsibility to further enhance the skills and knowledge of the members on the relevant new laws and regulations and changing commercial risks, as well as to keep abreast with developments in the financial services industry through a Structured Training Programme for Directors ("STPD"), an initiative resolved by the Board in 2006. The STPD requires that each director attend at least one training programme, which is to be specifically developed by the organisation for its directors during the financial year.

For the period under review, the Board members have complied with the aforesaid internal policy by attending various training programmes and workshops on issues affecting the Group which were organised internally as well as in collaboration with external training providers, which included in particular the Directors' Retreat jointly organised with International Centre of Leadership in Finance in early August 2008.

The topics covered in such programmes and workshops included the following:-

Strategic Matters	High Performance Board	Board Effectiveness	Corporate Governance	Risk Management
• Updates on global and local economic outlook	• Talent management • Compensation design: Senior executive and directors' remuneration	• Directors' duties and liabilities • Role of independent directors	• Latest challenges in corporate governance	• Overview and Board issues relating to Basel II

A comprehensive induction programme coordinated by Corporate & Legal Services for new directors was also conducted in early August 2009 to provide new directors with the necessary information and overview to assist them to discharge their duties effectively, vis-a-vis understanding the Group's operations and appreciating the challenges and issues the Group faces in realising its aspirations, as follows:-

Strategic Matters	Business/ Operations	Work Processes and Board Committees	Director Related Matters	Corporate Governance
• Maybank Group business strategy and updates on strategic issues	• Operations of various business sectors including specific business strategies, performance, products, and organisation structure and human capital	• Related work process and inter-relationship between Executive Level Committees and Board Committees	• Duties and responsibilities of directors of financial institutions • Directors' benefits and remuneration	• Corporate governance best practices in Maybank • Compliance • Audit • Risk Management

Re-election of Directors

All directors of the Bank, including the President & CEO, are subject to re-election by the shareholders at their first opportunity after their appointment, and are subject to re-election at least once every three (3) years, in accordance with the Bank's Articles of Association.

Directors who are due for re-election at the AGM would be first assessed by the Nomination Committee, who would then submit its recommendations to the Board for deliberation and approval. Upon obtaining Board's endorsement, the relevant submission including the justifications for such re-appointment is thereafter made to Bank Negara Malaysia for approval if the relevant director's Bank Negara Malaysia's term of appointment is expiring.

Pursuant to the Bank's Articles of Association and the Listing Requirements, the Board has agreed that one of its members would retire by rotation at the forthcoming AGM. Similarly, directors who have been appointed to fill casual vacancies during the financial year under Article 100 have also been assessed. The Board has subsequently determined that the directors who are due for re-election under Article 100 have performed in an exemplary manner and have met the Board's expectations which includes their contribution to Board deliberations, and therefore would justify the stand for re-election at the forthcoming AGM.

BOARD PROFESSIONALISM

Directorships in Other Companies

Pursuant to the Listing Requirements, each member of the Board holds less than ten (10) directorships in public listed companies and less than fifteen (15) directorships in non-public listed companies. Furthermore, the directors also comply with the best practices recommendation of the Green Book which states that directors should not sit on the boards of more than five (5) listed companies to ensure that their commitment, resources and time are more focused to enable them to discharge their duties effectively.

It should be noted that even though the independent non-executive directors hold directorship in several companies in the Maybank Group, the Nomination Committee assesses the independence of the said directors pursuant to a declaration made that they are not taking instructions from any person including Maybank. In this respect, all the independent non-executive directors of Maybank had successfully complied with the relevant guidelines provided in BNM/GP1.

Conflict of Interest

In line with various statutory requirements on the disclosure of director's interest, it has been the practice of Maybank that members of the Board would make a declaration to that effect at the Board meeting in the event they have interest in proposals being considered by the Board, including where such interest arose through close family members and other connected parties. Any interested directors would abstain from deliberations and decisions of the Board on the subject proposal and where appropriate, excuse themselves from being present in the deliberations.

Insider Trading

In accordance with the Listing Requirements and the relevant provisions of the Capital Markets & Services Act 2007, directors, key management personnel and principal officers of the Maybank Group are prohibited from trading in securities or any kind of property based on price sensitive information and knowledge which have not been publicly announced. Notices on close period for trading in Maybank's securities in particular prior to the announcement of the quarterly results, are circulated to directors, key management personnel and principal officers who are deemed to be privy to any price sensitive information and knowledge whenever the close period is applicable.

Directors' and Officers' Insurance

Directors and officers of the Maybank Group are covered against liabilities arising from holding office as directors by virtue of the Directors' and Officers' Insurance coverage which is put in place by the Bank. The policy covers personal liability of directors and officers in the form of professional indemnity insurance, which includes any breach of trust, breach of duty, neglect, error, omission, misstatement, misleading statements, breach of warranty or authority committed in the respective capacities as directors or officers. Even though the directors contribute a part of the premium paid for the insurance policy annually, such policy would not provide coverage in the event the directors are proven to have acted fraudulently, dishonestly or maliciously.

DIRECTORS' REMUNERATION

The Level and Make Up of Directors' Remuneration

Directors' remuneration is generally determined at levels which would continue to attract and retain directors of such calibre to provide the necessary skills and experiences required for the effective management and operations of the Group. For executive directors, the component parts of remuneration are structured so as to link rewards to corporate and individual performance. A significant portion of the executive directors' compensation package has been made variable in nature to be determined based on performance during the year against the individual Key Performance Indicators which had been set in alignment with the corporate objectives and scorecard, and had been approved by the Board.

For non-executive directors, the level of remuneration generally reflects the experience and level of responsibilities undertaken by these directors. In relation to the Bank's Employee Share Options Scheme ("ESOS"), allocations to directors are based on considerations such as length of service on the Board. The determination of remuneration packages for non-executive directors, including the non-executive Chairman, is a matter for the Board as a whole following the relevant recommendation made by the Remuneration and Establishment Committee. The directors concerned are required to abstain from deliberations and voting on decisions in respect of their individual remuneration, which the directors have duly complied with.

The remuneration package of the directors is as follows:-

Basic Salary

- Basic salary for executive directors is based on the recommendation of the Remuneration and Establishment Committee which considers, amongst others, the individual performance and rates of salary for similar positons in comparable companies within the same industry, and subject to the final approval of the Board.

Fees and Meeting Allowances

- Directors' fees and meeting allowances are based on a fixed sum as determined by the Remuneration and Establishment Committee and subsequently the Board, and approved by shareholders after considering comparable organisations and directors' participation in various Committees of the Board.

Directors' Share Options

- The executive and non-executive directors are eligible to participate in the Bank's ESOS on the same terms and conditions as those offered to employees. The Directors' dealings in share options during the year under review are reflected in the audited financial statements.

A summary of the total remuneration of the directors, distinguishing between executive and non-executive directors, in aggregate with categorisation into appropriate components for the financial year ended 30 June 2009 are as follows:-

	Salary (RM)	Bonus (RM)	Directors' Fees (RM)	Other emoluments (RM)	Benefits in kind (RM)	Total (RM)
Executive Directors						
Dato' Sri Abdul Wahid Omar	1,080,000	0	0	237,600	54,146	1,371,746
Dato' Aminuddin Md Desa[9]	260,000	260,000	0	184,386	3,030	707,416
TOTAL	1,340,000	260,000	0	421,986	57,176	2,079,162
Non-Executive Directors						
Tan Sri Mohamed Basir Ahmad	0	0	132,500	351,084	37,928	521,512
Datuk Syed Tamim Ansari Syed Mohamed	0	0	134,110	48,750	0	182,860
Spencer Lee Tien Chye	0	0	75,507	42,750	21,000	139,257
Teh Soon Poh[10]	0	0	31,582	19,500	2,273	53,355
Tan Sri Dato' Megat Zaharuddin Megat Mohd Nor[11]	0	0	85,068	21,750	0	106,818
Datuk Abdul Rahman Mohd Ramli[12]	0	0	105,096	45,000	2,273	152,369
Haji Mohd Hashir Haji Abdullah[13]	0	0	149,521	85,500	2,273	237,294
Tan Sri Dato' Sri Chua Hock Chin[14]	0	0	130,575	31,500	0	162,075
Datuk Zainun Aishah Ahmad[15]	0	0	150,000	66,750	0	216,750
TOTAL	0	0	993,959	712,584	65,747	1,772,290
GRAND TOTAL	1,340,000	260,000	993,959	1,134,570	122,923	3,851,452

Notes:

Directors' Other Emoluments include Allowances, EPF, SOCSO, and EPF on Bonus. Benefits in Kind includes ESOS and other benefits.

[9] Resigned as director with effect 1 November 2008

[10] Retired as director with effect from 25 September 2008

[11] Retired as director with effect from 15 February 2009

[12] Retired as director with effect from 31 March 2009

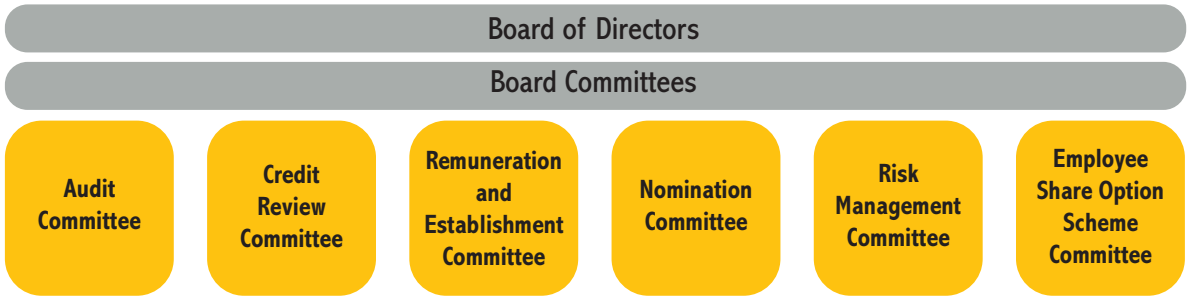
[13] Resigned as director with effect from 15 July 2009

[14] Resigned as director with effect from 15 July 2009

[15] Resigned as director with effect from 22 July 2009

Board Committees

The Board delegates certain of its governance responsibilities to the following Board Committees, which operate within clearly defined terms of references primarily to assist the Board in the execution of its duties and responsibilities. Although the Board has granted such discretionary authority to these Board Committees to deliberate and decide on certain operational matters, the ultimate responsibility for final decision on all matters lies with the entire Board.



Audit Committee

The Audit Committee is authorised by the Board to investigate any activities within its Terms of Reference and has unrestricted access to both the internal and external auditors and members of the senior management of the Group. The activities carried out by the Audit Committee during the year under review are summarised in the Audit Committee Report and its Terms of Reference as stated in pages 242 to 247 of this Annual Report.

Credit Review Committee

The Credit Review Committee is tasked by the Board generally to review all loan applications subject to a pre-determined authority limits and credit risk ratings as may be recommended by the Group Management Credit Committee ("GMCC").

In relation to the proposals which would need the final approval by the Board, these proposals would be reviewed by the Credit Review Committee, prior to being recommended to the Board. The Credit Review Committee is also entrusted to review any director and staff-related loans as well as policy loans.

The Credit Review Committee meets weekly and comprises the following members:-

Members of Credit Review Committee	No. of Meetings and Attendance
Tan Sri Mohamed Basir Ahmad (Chairman)	42 / 50
Dato' Sri Abdul Wahid Omar	38 / 50
Mr Spencer Lee Tien Chye[18]	28 / 29
Mr Teh Soon Poh[19]	13 / 13
Datuk Abdul Rahman Mohd Ramli[20]	30 / 36
Haji Mohd Hashir Haji Abdullah[21]	49 / 50
Datuk Zainun Aishah Ahmad[22]	40 / 50

[18] Appointment as member with effect from 4 December 2008

[19] Retired as member with effect from 25 September 2008

[20] Retired as member with effect from 31 March 2009

[21] Retired as member with effect from 15 July 2009

[22] Resigned as member with effect from 22 July 2009

Following the retirement of Mr Teh Soon Poh, Datuk Abdul Rahman Mohd Ramli and Haji Mohd Hashir Haji Abdullah and resignation of Datuk Zainun Aishah Ahmad as members of the Credit Review Committee, Tan Sri Datuk Dr Hadenan A. Jalil and Dato' Seri Ismail Shahudin, and Encik Zainal Abidin Jamal have been appointed as new members of the said committee on 15 July 2009 and 22 July 2009 respectively. Dato' Johan Ariffin has also been appointed as a member of the Credit Review Committee on 26 August 2009.

The specific responsibilities of the Credit Review Committee include, amongst others, the following:

(i) To review all loans approved by the GMCC in respect of applications for fresh or additional facilities, escalated to Credit Review Committee for review and renewal of loan applications; and
(ii) To review, with powers to object or to support proposals recommended by the GMCC to the Board for approval including but not limited to statute and policy loans.

Remuneration and Establishment Committee ("Remuneration Committee")

The Board has delegated to the Remuneration Committee the overall responsibility of recommending an effective human resource strategy, including initiatives for the development and management of human capital with the objective of attracting, developing and retaining the best talents for the Group.

The Remuneration Committee is also responsible for providing a formal and transparent procedure for developing a remuneration policy for directors, President & CEO and key senior management officers and ensuring that the compensation package is competitive and consistent with the Bank's culture, objectives and strategy.

The composition of the Remuneration Committee comprises non-executive directors, the Chairman and the majority of whom are independent. The Remuneration Committee meets at least once in every quarter with additional meetings convened to attend to urgent matters that require its deliberation. The members of the Remuneration Committee and the attendance for the year under review are as follows:

Members of Remuneration Committee	No. of Meetings and Attendance
Tan Sri Dato' Megat Zaharuddin Megat Mohd Nor[23]	7 / 7
Haji Mohd Hashir Haji Abdullah[24]	2 / 2
Datuk Abdul Rahman Mohd Ramli[25]	7 / 8
Datuk Zainun Aishah Ahmad[26]	9 / 9
Tan Sri Dato' Sri Chua Hock Chin[27]	6 / 9

[23] Resigned as Chairman with effect from 15 February 2009

[24] Appointed as Chairman with effect from 15 February 2009 and thereafter retired with effect from 15 July 2009

[25] Retired as member with effect from 31 March 2009

[26] Resigned as member with effect from 22 July 2009

[27] Resigned as member with effect from 15 July 2009

Following the retirement and resignations of the above directors as members of the Remuneration Committee, Tan Sri Datuk Dr Hadenan A. Jalil and Dato' Seri Ismail Shahudin, and Encik Zainal Abidin Jamal have been appointed as the new members of the said committee on 15 July 2009 and 22 July 2009 respectively.

The specific responsibilities of the Committee include, amongst others, the following:-

(i) To recommend to the Board a Performance Management framework/model, including the setting of appropriate performance target parameters and benchmark for the Group Balanced Scorecard at the start of each financial year;
(ii) To recommend to the Board, a learning strategy for the Group, including learning programmes for executive directors of Maybank and a Leadership Development framework for the Group;
(iii) To recommend to the Board, the organisational structure and commensurate job grades and ranges for employees in the Group; and
(iv) To recommend to the Board the remuneration package, the compensation and benefits policies, and the Terms and Conditions, including the job grade for senior management officers.

Activities Undertaken During the Year

The Committee had deliberated key matters during the financial year, which include, amongst others, the following:-

- Deliberation and recommendation on compensation package for appointments of key management positions across the Maybank Group;
- Deliberation on the quantum of compensation based on the performance assessment of members of senior management of the Group for the financial year 2008/2009;
- Review of the Compensation Framework & Long Term Incentive Plan Design and the cost-benefit analysis for Maybank Group;
- Deliberation and recommendation on the Maybank Group Variable Bonus Plan;
- Review of the Flexi-Benefit Plan and the cost-benefit analysis for the employees of Maybank Group; and
- Deliberation and recommendation on the outsourcing of the management of the staff medical benefits scheme to a third party administrator.

Nomination Committee

The Nomination Committee is vested with the broad responsibility to provide a formal and transparent procedure for the appointment of directors and senior management officers as well as assessment of effectiveness of individual directors, board as a whole and the performance of the CEO and key senior management officers.

The Nomination Committee comprises non-executive directors, the Chairman and the majority of whom are independent. Meetings are held as and when required for the Nomination Committee to deliberate on related matters. The members of the Nomination Committee and the attendance for the year under review are as follows:-

Members of Nomination Committee	No. of Meetings and Attendance
Haji Mohd Hashir Haji Abdullah[28]	12 / 12
Tan Sri Dato' Megat Zaharuddin Megat Mohd Nor[29]	8 / 8
Datuk Abdul Rahman Mohd Ramli[30]	8 / 9
Datuk Zainun Aishah Ahmad[31]	12 / 12
Datuk Syed Tamim Ansari Syed Mohamed	12 / 12

[28] Retired as member with effect from 15 July 2009t

[29] Resigned as member with effect from 15 February 2009

[30] Retired as member with effect from 31 March 2009

[31] Resigned as member with effect from 22 July 2009

The composition of the Nomination Committee has been further changed with the appointment of Tan Sri Datuk Dr Hadenan A. Jalil and Dato' Seri Ismail Shahudin on 15 July 2009 and Encik Zainal Abidin Jamal on 22 July 2009, following the retirement of Datuk Abdul Rahman Mohd Ramli, and Haji Mohd Hashir Haji Abdullah and the resignations of Tan Sri Dato' Megat Zaharuddin Megat Mohd Nor and Datuk Zainun Aishah Ahmad.

The specific responsibilities of the Committee include, amongst others, the following:-

(i) To recommend to the Board suitable persons for appointment as Board members of Maybank and its relevant subsidiary companies and to oversee the general composition of the Board (taking into account the size, skill and balance between executive directors and non-executive directors);
(ii) To recommend to the Boards of relevant subsidiaries the appointment, confirmation, promotion and termination of CEOs of subsidiaries which are regulated by Bank Negara Malaysia which require their appointments to be approved by Bank Negara Malaysia;
(iii) To recommend to the Board the appointment of the CEO of the Bank and of the major subsidiaries, and key senior management of the Group;
(iv) To assess the performance and effectiveness of individual and collective members of the Boards of the Group, its subsidiaries and the respective Board Committees, as well as to recommend to the Board measures to upgrade the effectiveness of the Boards and Board Committees;
(v) To review the performance of Board members of Maybank and its subsidiary companies and consider the procedure for the assessment thereof, and to recommend measures to upgrade the effectiveness of the Boards;
(vi) To review the individual contribution of each director to the effectiveness of the Board and to consider the procedure for the assessment thereof, as well as the performance of the CEO and the key management personnel; and
(vii) To ensure that all directors receive appropriate and continuous training to keep abreast with the latest development in the industry.

Activities Undertaken During the Year

The Committee had deliberated on key matters during the financial year, which include, amongst others, the following:-

- Deliberation and recommendation to the Board on the appointment of new directors and the key senior management of the Group, amongst others, CEO and CFO of BII;
- Deliberation on succession planning programme for key positions;
- Deliberation of the results of the Annual Directors, Board and Peer Assessment exercise throughout the Maybank Group and recommendations on the actionable improvement programmes to the Board;
- Review of the composition of the Board, Board Committees and Boards of subsidiaries within the Group;
- Review and deliberate on the re-election and retirement of directors at the AGM and on the re-appointment of directors submitted to Bank Negara Malaysia;
- Deliberation and recommendation to the Board on the Balanced Score Card and Long-Term Initiatives for the financial year 2009/2010 for the CEO and key senior management of the Group;
- Deliberation on the performance assessment of the CEO and key senior management of the Group; and
- Review of the Terms of Reference of the Nomination Committee.

Risk Management Committee

The Risk Management Committee has been delegated by the Board to assume responsibility for the Group's risk oversight and any approved policies and frameworks formulated to identify, measure and monitor various risk components amongst others, credit risk, market risk, liquidity risk and operational risk would be reviewed and

recommended by the Risk Management Committee to the Board.

Additionally, the Risk Management Committee reviews and assesses the adequacy of these risk management policies and ensures infrastructure, resources and system are emplaced for risk management.

The Risk Management Committee meets at least once in every quarter with additional meetings convened to attend to urgent matters that require its deliberation. The Chairman and a majority of the Risk Management Committee's members are independent non-executive directors and their attendance for the year under review is as follows:-

Members of Risk Management Committee	No. of Meetings and Attendance
Datuk Syed Tamim Ansari Syed Mohamed (Chairman)	7 / 7
Mr Spencer Lee Tien Chye[32]	4 / 4
Mr Teh Soon Poh[33]	2 / 2
Haji Mohd Hashir Haji Abdullah[34]	7 / 7
Datuk Zainun Aishah Ahmad[35]	6 / 7

[32] Appointed as member with effect from 1 December 2008

[33] Retired as member with effect from 25 September 2008

[34] Retired as member with effect from 15 July 2009

[35] Resigned as member with effect from 22 July 2009

Dato' Dr Tan Tat Wai, and Dato' Johan Ariffin and Mr Sreesanthan Eliathamby have been appointed as new members of Risk Management Committee on 15 July 2009 and 26 August 2009 respectively following the retirement and resignation of the abovementioned directors.

The specific responsibilities of the Risk Management Committee include, amongst others, the following:-

(i) To review and approve risk management strategies, risk frameworks, policies, risk tolerance and risk appetite limits;
(ii) To review and assess adequacy of risk management policies and framework in identifying, measuring, monitoring and controlling risks and the extent to which they operate effectively;
(iii) To ensure infrastructure, resources and systems are in place for risk management i.e. ensuring that the staff responsible for implementing risk management systems perform those duties independently of the financial institutions' risk taking activities;
(iv) To review and assess the appropriate levels of capital for the Bank, vis-a-vis its risk profile;
(v) To review and recommend strategic actions to be taken by the Bank arising from Basel II implementation for the Board's approval; and
(vi) To review and approve new products and ensure compliance with the prevailing guidelines issued by BNM or other relevant regulatory body.

Activities Undertaken During the Year

The Committee had deliberated on various key matters during the financial year, which include, amongst others, the following:-

- Discussion on Enterprise-wide Risk Report in relation to Risk Scenario Review and Group Key Risk Indicators (KRI);
- Discussion on progress updates on Basel II Implementation for Maybank Group;

- Review of benchmark set by rating agencies on Enterprise Risk Management Best Practices compared with Maybank Group Current Practices;
- Discussion on Research Reports on Risk Management Best Practices;
- Benchmarking of Credit Risk Management Framework and Policies at Group Entities; and
- Approval of a number of new banking products.

Employee Share Option Scheme ("ESOS") Committee

The Board has delegated to the Employee Share Option Scheme ("ESOS") Committee the responsibility to determine all questions of policy and expediency arising from the administration of ESOS and to generally undertake the necessary to promote the Bank's best interest.

The Employee Share Option Scheme Committee is also tasked to review the rules and regulations relating to ESOS and to ensure the Scheme is implemented in accordance with the By-Laws, amongst others, in respect of the terms on eligibility, the offer and date of offer, basis of allotment, termination and appeals.

All members of the Employee Share Option Scheme Committee are non-executive directors. Meetings are held as and when the Employee Share Option Scheme Committee is required to deliberate on urgent matters. The members of the Employee Share Option Scheme Committee and their attendance for the financial year under review are as follows:-

Members of ESOS Committee	No. of Meetings and Attendance
Datuk Syed Tamim Ansari Syed Mohamed	1 / 1
Tan Sri Dato' Sri Chua Hock Chin[36]	1 / 1
Datuk Zainun Aishah Ahmad[37]	1 / 1
Datuk Abdul Rahman Mohd Ramli[38]	-

[36] Resigned as member with effect from 15 July 2009

[37] Resigned as member with effect from 22 July 2009

[38] Retired as member with effect from 31 March 2009

Tan Sri Datuk Dr Hadenan A. Jalil and Dato' Seri Ismail Shahudin were appointed as members of the ESOS Committee effective 15 July 2009, following the retirement of Haji Mohd Hashir Haji Abdullah on even date, and resignations of Datuk Abdul Rahman Mohd Ramli and Datuk Zainun Aishah Ahmad on 31 March 2009 and 22 July 2009 respectively.

Activities Undertaken During the Year

The Committee had deliberated on the corresponding adjustments to the unexercised options under the Maybank Group ESOS pursuant to the ESOS Scheme By-Laws following the approved Renounceable Rights Issues on the basis of 9 ordinary shares of RM1.00 each held in Maybank for every 20 existing ordinary shares of RM1.00 each held in Maybank at an issue price of RM2.74 per Rights Issue.

Maybank ESOS Scheme will lapse on 26 August 2009.

Executive Level Management Committees ("ELC")

The Board has also established various ELCs and delegated some of its authority to assist the relevant Board Committees and in the operations of the Bank.

The key ELCs which are mostly chaired by the President & CEO of the Bank are as follows:-

- Group Management Committee
- Group Management Credit Committee
- Internal Audit Committee
- Executive Risk Committee
- Asset and Liability Management Committee
- Group Staff Committee
- Group Procurement Committee
- Group IT Steering Committee

The following are the main background information, key terms of reference and frequency of meetings of the abovementioned committees:-

1. **Group Management Committee ("GMC")**
   The GMC is chaired by the President & CEO and members comprise Heads of Business Sectors as well as strategic divisions. The salient terms of reference of the GMC include the following:-

   (a) To consider and recommend for Board approval, the Group's business strategies, proposals relating to investments, divestments, mergers and acquisitions and strategic alliances, and the Group budget;

   (b) To consider and recommend to the Board and/ or its relevant Committees, policies with Group-wide applicability relating to human resources, property, capital allocation and raising, and risk management; and

   (c) To consider the monthly performance reports of the Business and Capability Divisions and to propose appropriate remedial measures where necessary.

   In respect of proposals on matters that exceed the GMC's authority limits, the GMC would submit its recommendations to the Board for approval as well as information paper for noting.

   The GMC holds monthly meetings and additional meetings are convened as and when urgent issues and decisions need to be deliberated and made. For the financial year ended 30 June 2009, the GMC had met 17 times.

2. **Group Management Credit Committee ("GMCC")**
   The GMCC is chaired by the President & CEO and members comprise Heads of Business Sectors, certain support sectors and the Chief Credit Officer. The salient terms of reference of the GMCC includes the following:-

   (a) To approve loans/proposals in the following categories which include loans from international operations (subject to CRC review/ veto) :-

   - non-policy/non-statute loans
   - designated loans
   - Merger & Acquisitions (M&A) related
   - Indulgence and restructuring
   - Investments in financial papers/instruments
   - Interbank limits under the Maybank Group Interbank Limit (MGIL) Framework
   - Bridging Finance for property development exceeding RM250,000 cost per unit;

   (b) To recommend/approve proposals that require the review/veto by a higher committee and Board's approval including but not limited to statute and policy loans; and

   (c) To carry out such other responsibilities as may be delegated to it by the Board from time to time.

   The GMCC meets on weekly basis. For the financial year under review, the GMCC had met 50 times.

Other than the GMCC, the Credit Committee, a management committee which is chaired by the Chief Credit Officer also considers loan applications, specifically loans that do not need to be escalated to the CRC and Board, such as loan applications that are of lower amount value than that approved by the GMCC, to improve turnaround time.

3. **Internal Audit Committee ("IAC")**
The IAC is chaired by the Chief Operating Officer and members comprise Heads of Business and Support Units. The IAC generally provides support to the Audit Committee of the Board on audit matters, and the salient terms of reference of the IAC include the following:-

(a) To deliberate the findings and reports of the internal auditor, external auditor, and regulatory auditor;

(b) To oversee the appropriateness of the management's responses and the effectiveness of the management's actions in respect of the audit findings prior to submission to the ACB; and

(c) To review the summary of the outstanding audit findings and the status of rectification thereof.

The IAC holds meetings every fortnightly. There were 20 meetings held for the financial year ended 30 June 2009.

4. **Executive Risk Committee ("ERC")**
The ERC is chaired by the President & CEO and includes senior representatives from both business and support units. It is primarily responsible for the following:-

(a) To review and recommend risk management strategies, risk frameworks, risk policies, risk tolerance and risk appetite limits to the Risk Management Committee for approval;

(b) To ensure that infrastructure, resources and systems are in place for effective risk management; and

(c) To review periodic reports on risk exposure, risk portfolio composition and risk management activities.

The ERC meets once a month or as and when deemed necessary. For the financial year ended 30 June 2009, the ERC had met 14 times.

5. **Asset and Liability Management Committee ("ALCO")**
The ALCO supports the RMC of the Board in the oversight of market and liquidity risk management. The ALCO, which is chaired by the President & CEO and includes senior representatives from both business and support units, is primarily responsible for the following:-

(a) To develop, recommend and review frameworks and policies to address market risk and liquidity risk inherent in both conventional and Islamic banking operations. The material risks inherent to market risk are Price Risk (Trading) and Structural Interest Rate Risk / Rate of Return Risk; and

(b) To review, formulate and implement broad strategies to manage market risk and liquidity risk associated with the changing balance sheet profile and funding structure of the Maybank Group.

The ALCO meets once a month or as and when deemed necessary. For the period under review, ALCO had met 14 times.

6. **Group Staff Committee ("GSC")**
The GSC is chaired by the President & CEO and comprise senior representatives from various business and support units. The salient terms of reference of the GSC includes the following:-

(a) Reviews and recommends strategic Group Human Capital programmes, policies and framework for the approval of the Board such as Organisation Design and Structure, Job Grading Structure, Manpower Planning and Compensation and Benefit Strategies; and

(b) Deliberates and provides Human Capital key decisions for the Group in order to steer the organisation towards achieving strategic aspirations of Maybank Group leveraging on deep understanding of operational issues.

For proposals on matters that exceed the GSC's authority limits, the GSC would submit its recommendations to the GMC, and relevant Board committees such as Remuneration Committee of the Board, for approval.

The GSC meets once a month and at any such time(s) as it deemed necessary. There were 15 meetings held during the financial year 30 June 2009.

7. **Group Procurement Committee ("GPC")**
The GPC was recently formed in July 2009 following the harmonisation of two former executive level committees, namely Group IT Steering Committee ("GITSC") and Group Procurement Tender Committee ("GPTC"). The rationale of the establishment of the GPC was primarily to achieve closer alignment to best practices recommendations by the Red Book initiated by the Putrajaya Committee on GLC High Performance, which included the consolidation of purchases across business units for better purchasing leverage and the segregation of roles and functions to avoid potential conflict of interest.

Consequently, the GPTC has been superseded by the GPC and the GITSC has been restructured to play a more strategic role in the overall procurement governance structure.

The GPC is chaired by the Chief Financial Officer and includes senior representatives from business units as well as support units. The following are the key duties of the GPC:-

(a) To review and approve tender bids and expenditure subject to the approval limits delegated by the Board;

(b) To review and recommend for approval by the Group Management Committee/Board of Directors, tender and expenditure whose values are in excess of the Committee's discretionary power; and

(c) To evaluate and establish the rules and procedures for the tender process in the Group in order to maintain the integrity of the process at all times.

The Group Procurement Committee holds meetings at least once a month.

8. **Group IT Steering Committee ("GITSC")**
The GITSC is chaired by the Chief Financial Officer and includes senior representatives from business units as well as support units. The following are the key duties of the GITSC:-

(a) To ensure the IT strategic plan (short or long term) supports the overall organisational strategic business plan and the Group IT strategic plan;

(b) To review the short and long term IT plans for the Group, as well as to review and formulate key Group-wide standards/policies guidelines in areas such as IT infrastructure, application, evaluation of software/hardware and contract negotiations, IT policies and procedures, IT

security policies and IT risk management framework;

(c) To monitor the effectiveness of the implementation of key IT policies, and the overall efficiency and performance of IT services and utilisation; and

(d) To establish framework and guidelines for maximising IT investment, as well as to review, provide recommendation and monitor IT expenditure for the Group.

The GITSC meets once a month.

INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION

During the year in which Maybank completed its regional acquisitions and capital raising exercise, investor relations ("IR") played an significant role in ensuring that shareholders, the investment community and other stakeholders, both in Malaysia and internationally, were well informed of the development and were appraised with the relevant information in a timely and comprehensive manner. IR plays an important role in improving disclosure and transparency by providing effective and open channels of communications with its stakeholders in order to enhance Maybank's corporate governance standards.

Maybank continues to have a strong following among local and international investment community with 27 research houses actively maintaining coverage on Maybank, in addition to numerous institutional buy-side analysts and fund managers.

Apart from the regulatory public statements released to the exchange, the Group conducted briefing sessions and conference calls for investment analysts, fund managers and various stakeholders. These briefings were conducted immediately upon the release of its financial results every quarter. Briefing on the Group's financial results and performance were also conducted to local and foreign media for the interim and year end financial results. Apart from detailed explanation of its financial results, the Management communicated its long term strategy and strategic transformation plan which included the progress of the LEAP30 performance improvement programme. In addition, updates on progress of Maybank's recent acquisition particularly BII and MCB were also incorporated.

The presentation materials presented during these briefings are posted on the Group's website www.maybank2u.com to promote accessibility of information to all market participants and stakeholders.

As a commitment towards achieving a high level of communication and transparency with its shareholders and the investment community, management personnel responsible for IR activities met regularly with equity research analysts, fund managers, institutional shareholders and investors on a one-on-one basis as well as via teleconferences. In 2008, the Management participated in a series of roadshows in Kuala Lumpur and Singapore in conjunction with the raising of Innovative Tier 1 Capital Securities of up to RM4 billion. Management also participated in a roadshow in March 2009 covering Kuala Lumpur, Singapore, Hong Kong and London in conjunction with Maybank's RM6 billion rights issue exercise. The success of the rights issue as measured by the swift completion time of within a period of 63 days and the subscription rate of 128% in a difficult market environment is a testament to Management's commitment to maintaining effective two-way communication with its shareholders. Also in 2009, the IR team stepped up its activities by participating in Invest Malaysia 2009 to reach a wider investor audience. In addition, Management and personnel for IR engaged actively with leading equity research analyst, institutional shareholders, fund managers on one-to-one basis as well as host teleconferences with them. In total, the Group held more than 124 sessions and met 239 investors during the financial year.

During the Annual General Meeting in September 2008 and the Extraordinary General Meeting in March 2009,

held in conjunction with the rights issue, shareholders, including retail investors, were provided with details of the Group's long term strategy, regional expansion plans and its capital raising exercise.

To provide efficient access to the latest developments of the Group, Maybank also maintains an IR section in its website, www.maybank2u.com, that provides press releases, financial statements, annual reports and corporate presentations. This further ensures that there is no selective dissemination of information to the general body of shareholders and there is always symmetry of information disclosure.

As part of providing an independent flow of information to stakeholders as well as to the general public, Maybank maintains its credit ratings from reputable rating agencies including Rating Agency Malaysia, Standard and Poor's, Fitch Ratings and Moody's Investors Services.

For further information or queries on Investor Relations matters, the following Management personnel may be contacted:-

Hazimi Kassim, Head, Strategy and Corporate Finance
Contact: (6)03 2074 8101
Email: hazimik@maybank.com.my

Raja Indra Putra Raja Ismail, Head, Investor Relations
Contact: (6)03 2074 8582
Email: rajaindra@maybank.com.my

Celina May Benjamin, Head, Corporate Affairs & Communications
Contact: (6)03 2072 1416
Email: celina@maybank.com.my

General Meetings

The Group's Extraordinary General Meeting (EGM) and AGM represent the primary platform for direct two-way interaction between the shareholders, Board and Management of the Group. In keeping with the deference to shareholder democracy and the transparency policy adopted by the Group, shareholders' approval is required on all material issues including, but not limited to, the election and appointment of directors, material mergers, acquisitions and divestments exercises, as well as the appointment of Auditors and dividend payments.

The attendance of shareholders at the Group's general meetings has always been high as evidenced by the presence of about 2,000 shareholders at the AGM for financial year ended June 2008 despite the institutional bias in the investor base.

Further, the Bank had held its EGM on 23 March 2009 to consider the proposed resolution for the issuance of the new Rights Share on the basis of nine (9) new ordinary shares for every twenty (20) existing ordinary shares of RM1.00 each held in Maybank, which was duly approved by the shareholders. An estimated 1,200 shareholders had attended the said EGM.

In addition to the AGMs and EGMs, shareholders and market observers are also welcomed to raise queries at anytime through the Corporate Affairs and Communications, and Strategy and Corporate Finance.

Ownership Structure

The shares of Maybank are widely held with institutional shareholders dominating the ownership structure of Maybank. As at 30 June 2009, the top three (3) shareholders are Skim Amanah Saham Bumiputra (ASB) with 45.91%, Employee Provident Fund Board with 12.23% and Permodalan Nasional Berhad (PNB) with 6.24% and accounting for a combined 64.38%. 11.20% of Maybank shares are held by foreign shareholders as at 30 June 2009.

Although the top three (3) shareholders of Maybank accounted for more than half of the total paid-up share capital of Maybank, Maybank is not subject to any biased influence from these shareholders and they do not hold management positions within the organisation. This arrangement ensures a high level of corporate governance and permits the Group to focus on continuously building value for all its shareholders.

Maybank's shareholding structure is transparent and is disclosed on pages 442 to 443 of this Annual Report.

Any updates on the shareholding structure can be obtained on request from the designated management personnel on Investors Relations matters. The existing share structure consists entirely of Ordinary Shares and there are no different classes of Ordinary Shares. There is no foreign shareholding limit and the Memorandum and Articles of Association do not have any explicit provision(s) that may discourage any acquisition. However, the Bank is subject to BAFIA, which contains certain restrictions on share ownership.

As part of Maybank's effort to expand its liquidity and shareholder base, it has established a Sponsored Level 1 American Depository Receipt Programme (ADR) which is traded Over-the-Counter in United States of America since May 2005 on the basis of 1 ADR equivalent to 2 Maybank shares. The depository bank for the ADR Programme is The Bank of New York Mellon. Maybank Custody Services is the sole custodian holding the securities of Maybank under the ADR Programme and the total number of ordinary shares held for Maybank ADR Programme is 6,302,739 as at 30 June 2009. The percentage of the securities for which the ADRs are issued against Maybank's issued and paid-up share capital is 0.08%.

ACCOUNTABILITY AND AUDIT

Financial Reporting and Disclosure

The Board has a fiduciary responsibility and took it upon itself to present to the shareholders and the public at large, a clear, balanced and meaningful evaluation of the Group's financial positions, performance and prospects. In order to meet the fiduciary responsibility expected of the Board, the Board with the assistance of the Audit Committee oversee the financial reporting process and the quality of the Group's financial statements to ensure that the reports present a true and fair view of the Group performance.

The Board also ensures that the financial treatment of the consolidated accounts under the Group is based on the more stringent requirements and that the financial statements of Maybank are in compliance with the Malaysian Accounting Standards Board's (MASB) requirements, which are in accordance with the International Accounting Standards (IAS).

The scope of the disclosures includes review of the main sources of revenue by business activity and geography, past year performance analysis, financial adequacy, together with detailed explanation of the changes in the Balance Sheet and Profit and Loss Statement, to facilitate better understanding of the Group's operations.
In addition to the Audited Report, the Group also releases its unaudited quarterly financial results on timely basis which are accessible on Maybank and Bursa Securities' websites.

Directors' Responsibility Statement in Respect of the Preparation of the Annual Financial Statements

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Bank as at the end of the accounting period and of the profit and loss and cashflow for the period then ended.

In preparing the financial statements, the directors have applied suitable accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent. The directors have also ensured that all applicable accounting standards have been followed and prepared financial statements on the going concern basis as the directors have a reasonable expectation, having made enquiries, that the Group and of the Company have adequate resources to continue in operational existence for the foreseeable future.

The directors also have responsibility for ensuring that the Bank keeps accounting records which disclose with reasonable accuracy the financial position of the Group and of the Bank and which enable them to ensure that the financial statements comply with the provisions of the Companies Act, 1965. The directors generally have the duty to take such steps as are reasonably open to them

to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

Internal Controls

The Board has overall responsibility for maintaining sound internal control systems that cover financial controls, operational and compliance controls and risk management to ensure shareholders' investments, customers' interests and the Group's assets are safeguarded. The Directors' Statement on Internal Control set out on pages 238 to 241 of this Annual Report provides an overview of the state of internal control within the Group.

Relationship with the Auditors

As per the industry practice, the Group Internal Audit regularly audits the internal control practices and reports significant findings to the Audit Committee with the recommended corrective actions. Thereafter, the Management is held responsible for ensuring that all these corrective actions on reported weaknesses are undertaken within an appropriate time frame. The Minutes of the Audit Committee are subsequently tabled to the Board for notation and served as reference especially if there were pertinent issues that the Committee wish to highlight to the Board.

The Audit Committee and the Board maintain great emphasis on the objectivity and independence of the Bank's Auditors, namely Messrs. Ernst & Young, in providing the relevant and transparent reports to the shareholders. As a measure of ensuring full disclosure of matters, the Bank's Auditors are regularly invited to attend the Audit Committee Meeting as well as the AGM, apart from the twice yearly discussions with the Audit Committee without the presence of the Management. A full report of the Audit Committee outlining its role in relation to the internal and external auditors is set out on pages 242 to 247 of this Annual Report.

Maybank Group's Code of Ethics and Conduct

Apart from the Directors' Code of Ethics as set out in the BNM/GP7-Part 1 Code of Ethics: Guidelines on the Code of Conduct for Directors, Officers and Employees in the Banking Industry, and the Company Directors' Code of Ethics established by the Companies Commission of Malaysia, the Group also has a Code of Ethics and Conduct that sets out the sound principles and standards of good practice in the financial services industry, which are observed by the directors and its employees. Both directors and employees are required to uphold the highest integrity in discharging their duties and in dealings with stakeholders, customers, fellow employees and regulators. This is in line with the Group's Core Values which give emphasis on behavioural ethics when dealing with third party and fellow employees.

The Group communicates the Code to all directors and employees upon commencement of their employment and is deemed to be part of the Terms and Conditions of Service. Further details of the Code of Ethics and Conduct can be found on page 236 of this Annual Report.

During the year, the Bank has organised various activities/workshops conducted by the relevant departments/units to reinforce and renew the commitment of the directors and staff to uphold the Code as a reflection of professionalism and a lasting impression when dealing with the customers, colleagues, shareholders, suppliers, communities and the environment.

Corporate Responsibility

The Board is satisfied that a good balance has been achieved between value creation and corporate responsibility. Details of the Group's corporate responsibility initiatives are set out on pages 176 to 185 of this annual report.

ADDITIONAL COMPLIANCE INFORMATION AS AT 30 JUNE 2009

Utilisation of Proceeds

The Company had in June 2008 issued RM3.5 billion Non-Innovative Tier 1 Capital. The proceeds will be used by the Company for its working capital and general banking purposes.

Share Buy-back

The Company did not make any proposal for share buy-back during the financial year under review.

Options, Warrants or Convertible Securities

Maybank did not issue any options, warrants or convertible securities during the FYE 30 June 2009 other than the granting of options under Maybank Group ESOS.

Imposition of Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on Maybank and its subsidiaries, directors or management by the relevant regulatory bodies, which was made public during the financial year under review.

Non-audit Fees

Non-audit fees payable to the external auditors, Ernst & Young for the year amounted to RM2,638,000 for the Group and RM2,555,000 for the Bank.

Variation in Results

There was no profit forecast issued by Maybank and its subsidiary companies during the year.

Profit Guarantee

There was no profit guarantee issued by Maybank and its subsidiary companies during the year.

Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving directors and substantial shareholders, either still subsisting at the end of the financial year under review or entered into since the end of the previous financial year.

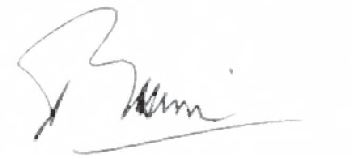
Valuation Policy

The Company does not value its landed properties classified as Property and Equipment. The revaluation policy on landed properties classified as Investment Properties are disclosed in Note 3(ix) of the financial statements.

Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT")

The Company did not seek any mandate from its shareholders nor enter into RRPT, which are necessary for its day-to-day operation on terms not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders for the financial year under review.

This statement is made in accordance with a resolution of the Board dated 31 July 2009.



Tan Sri Mohamed Basir Ahmad
Chairman of the Board

Risk Management

The Group adopts an integrated approach towards the effective management of enterprise-wide risks in the Group.

Overview

The Maybank Group takes proactive measures to manage the various risks posed by the rapidly changing business environment. These risks which include credit risk, market risk, liquidity risk, reputational risk, business/ strategic risk and operational risk are comprehensively dealt with and systematically managed within established limits and controls.

Initiatives under the Basel II programme have been a major catalyst for enhancement of risk management practices within the Group, further embedding the risk culture and best practice methodologies in the Group operations. In that regard, the Group has established a dedicated team to strictly manage its requirements relating to Basel II.

Risk Governance Structure

The Board of Directors has overall risk oversight responsibility and is assisted by the following Board and Management Level Risk Committees:

Board	Management
• Risk Management Committee (RMC)	• Executive Risk Committee (ERC) • Asset & Liability Management Committee (ALCO)
The RMC is a dedicated Board Committee responsible for the risk oversight function within the Bank. It is principally responsible to review and approve key risk frameworks and policies for the various categories of risk.	The ERC and ALCO are Management-level committees responsible for the management of all material risks within the Bank. The scope of the ERC encompasses all risk types except market and liquidity risks, which are within the purview of the ALCO.

Holistic Enterprise Risk Management Approach

The Group adopts an integrated approach towards the effective management of enterprise-wide risks in the Group. Key components of the Enterprise Risk Management (ERM) framework include:

- structured risk governance model incorporating Board and Senior Management oversight;
- sound capital management processes;
- comprehensive assessment of material risks;
- rigorous and regular controls, reviews, monitoring and reporting;
- independent reviews by internal auditors, external auditors and the relevant supervisory authorities.

The Group views the ERM process as a structured and disciplined approach to align strategies, policies, processes, people and technology with the specific purpose of evaluating all risks in line with enhancing shareholder value.

In line with the ERM, the Group has adopted and consistently practised the Seven Broad Principles of Risk Management to ensure integration in purpose, policy, methodology and risk culture.

Maybank Group's Seven Broad Principles of Risk Management

The ***Seven Broad Principles*** define the key principles of accountability, independence, structure and scope.

No	Principles
1	The risk management approach is premised on three lines of defence – risk taking units, risk control units and internal audit.
2	The risk taking units are responsible for the day-to-day management of risks inherent in their business activities while the risk control units are responsible for setting the risk management frameworks and developing tools and methodologies for the identification, measurement, monitoring, control and pricing of risk. Complementing this is internal audit which provides independent assurance of the effectiveness of the risk management approach.
3	Risk management provides risk oversight for the major risk categories including credit risk, market risk, liquidity risk, operational risk, reputational risk, business/strategic risk and other industry-specific risks.
4	Risk management ensures that the core risk policies of the Group are consistent, sets the risk tolerance level and facilitates the implementation of an integrated risk-adjusted measurement framework.
5	Risk management is functionally and organisationally independent of the business sectors and other risk taking units within the Maybank Group.
6	The Maybank Board, through the Board Risk Management Committee, maintains overall responsibility for risk oversight within the Group.
7	Risk management is responsible for the execution of various risk policies and related business decisions empowered by the Board.

Three Lines of Defence Concept in Managing Risks across the Group Entities

Approach to Managing Risk	Organisational Units
1st Line of Defence	Business and Capability Sectors
2nd Line of Defence	Risk Management Sector, Compliance Sector
3rd Line of Defence	Internal Audit

The 1st Line of Defence shall have primary responsibility for managing specific risks assumed by them in their day-to-day activities.

The 2nd Line of Defence provides the specialised resources for developing risk frameworks, policies, methodologies and tools for the management of material risks taken by the Group as a whole.

The 3rd Line of Defence involves internal audit, whose task would be to independently review the adequacy and effectiveness of the risk management process.

With growing emphasis on risk management to be managed at the source, the Group has reinforced the 1st Line of Defence through the formalisation of embedded risk management units within the Business sectors.

Embedded Risk Management Units

The RMC had approved the establishment of embedded risk management units within the following business sectors, namely Consumer Banking, Business Banking, Corporate Banking and Treasury. The approved terms of reference of the embedded risk management include assessment and review of material risks faced by the business sector as guided by the overall risk management approach of the Bank.

In line with deepening risk ownership and visibility, the embedded risk management will play a pivotal role towards effective risk management within the Business Sector by strengthening the 1st line of defence.

The embedded risk management have an indirect reporting line to the Chief Risk Officer and collaborates with Risk Management to review the impact of risk on capital adequacy, profitability, asset quality and other risk indicators, including stress testing exercises on a periodic basis.

Maybank Islamic Berhad (MIB)

To enhance the management of Islamic Banking risk, the Group established a Risk Management department within MIB during the financial year. MIB adopts the same principles and standards as Maybank in setting its risk management framework while ensuring the framework is consistent with Syariah requirements set out by the Islamic Financial Services Board (IFSB) and Bank Negara Malaysia (BNM).

At present, MIB manages its credit and operational risks while the management of market and liquidity risk relating to Islamic banking are carried out by Risk Management, Maybank.

CREDIT RISK MANAGEMENT

Credit Risk Definition

Credit risk arises as a result of customers' or counter-parties' failure or unwillingness to fulfill their financial and contractual obligations as and when they arise. These obligations arise from the Bank's direct lending operations, trade finance and its funding, investment and trading activities undertaken by the Bank.

Management of Credit Risk

Corporate and institutional credit risks are assessed by business units and approved by an independent party (Group Credit Management) where each customer is assigned a credit rating based on the assessment of relevant factors including customer's financial position, types of facilities and securities offered.

Reviews are conducted at least once a year on a customer's financial position, market position, industry and economic condition and account conduct. Corrective actions are taken when the accounts show signs of credit deterioration.

To manage large exposures, the Group has in place, amongst others, the following limits and related lending guidelines to avoid undue concentration of credit risk in its loan portfolio:

- Countries
- Business Segments
- Economic Sectors
- Single Customer Groups
- Banks & Non-Bank Financial Institutions
- Counterparties
- Collaterals

To effectively manage vulnerable corporate and institutional credits of the Group, there are dedicated teams comprising Corporate Remedial Management at Head Office and Loan Management Centres at Regional Offices. Vulnerable consumer credits are managed by the Recovery Management Unit at Head Office and Asset Quality Management Centres at Regional Offices. Special attention is given to these vulnerable credits where more frequent and intensive reviews are performed in order to accelerate remedial action.

A post-approval evaluation of credit facilities is emplaced and performed by the Credit Review team, with checks to ensure that credit facilities are properly appraised and approved. The team also reviews credit applications with overrides and/or policy breaches to assess the adequacy of justification and mitigation when approving such overrides/breaches. This is to ensure that the Bank's credit evaluation process is properly benchmarked against best practices. In addition, credit policies and

product guidelines are continuously enhanced to ensure that they remain relevant in managing credit risks. Findings of the Credit Review team are tabled at the risk committees for review and remedial actions.

A dedicated Credit Policy & Portfolio Management team designs strategies to achieve a desired ideal portfolio risk tolerance level. The team also prepares regular credit risk reports which are submitted to the various risk committees as part of on-going monitoring and review of borrowers and loan portfolios. Periodic credit stress testing exercises under selected scenarios are also performed and the results reported.

Credit Risk Management Framework (CRM)

The CRM framework includes comprehensive credit risk policies for management of credit risk as well as methodologies and models to quantify these risks on a consistent basis. Components of the CRM framework constitute:-

- Strong emphasis in creating and enhancing credit risk awareness.
- Comprehensive selection and training of lending personnel in the management of credit risk.
- Leveraging on knowledge sharing tools including e-learning courses to enhance credit skills within the Group.

The Group's credit approving process encompasses pre-approval evaluation, approval and post-approval evaluation. The CRM sub-sector is responsible for developing, enhancing and communicating an effective and consistent credit risk management framework across the Group. This ensures appropriate credit policies are in place to identify, measure, control and monitor such risks.

In view that authority limits are directly related to the risk levels of the borrower and transaction, a Risk-Based Authority Limit structure was implemented based on the Expected Loss framework and internally developed Credit Risk Rating System (CRRS).

Credit Risk Models and Tools

Credit Risk Rating System (CRRS)

The Maybank Group has adopted the Foundation Internal Rating Based (FIRB) approach under Basel II for its corporate portfolio. This allows the Group to use its own internal estimates of Probability of Default (PD) to determine an asset risk weighting. The development of CRRS for Maybank (including Singapore Operations) and Maybank Investment Bank allows the Bank to identify, assess and measure corporate and commercial borrowers' credit risk.

CRRS is a statistical default prediction model. This model was developed and recalibrated to suit the Group's banking environment using internal data from 1985 to 2000. The model development process was conducted and documented in line with specific criteria for model development in accordance to Basel II. The Expected Loss (EL) framework employed by the Group enables the calculation of expected loss using Probability of Default estimate facilitated by the CRRS and Loss Given Default and Exposure at Default.

The internal risk rating models comprises two components, i.e. the Borrower Risk Rating (BRR) and Facility Risk Rating (FRR). The BRR is a borrower-specific rating component that provides an estimation on the likelihood of the borrower going into default over the next twelve months. The BRR estimates the borrower risk and is independent of the type/nature of facilities and collaterals offered.

The FIRB approach under the Basel II requires the use of the most recent five year data to drive the PD parameter. In line with Maybank's application for FIRB approach under Basel II, the existing CRRS Scorecards were enhanced and recalibrated. This is known as the New Corporate Rating Masterscale Project which was completed and subsequently implemented in June 2009. The BRR in the New Corporate Rating Masterscale now comprises of 21 performing grades compared to 10 performing grades in the previous masterscale.

As in the previous masterscale, BRR Grade 1 is the best performing grade. However, in the new masterscale, Grade 21 is the worst performing grade instead of Grade 10 as on the previous masterscale. For defaulted borrowers, the applicable grades are either 22 or 23.

The FRR is a facility specific rating component that quantifies the facility and collateral structure risk. The FRR comprises eight grades, with A+ being the best grade and G being the worst grade.

The Group applies the EL framework to quantify credit risk as illustrated in the matrix below:

Bank Risk Rating Scorecard

In addition to quantifying the risk of corporate borrowers, the Bank's internal team has developed a Bank Risk Rating Scorecard(BRRS) to risk grade the Bank's counterparties and banks as borrowers based on the FIRB approach.

The shadow-bond rating technique was used in developing the scorecards.

Two separate scorecards were developed, namely:
1) BRRS – Developed Countries Models and
2) BRRS- Emerging Countries Models.

Credit Risk Projects

Under the Group's Basel II Implementation Programme, the following projects were completed during the financial year to further enhance its risk management capabilities aside from merely meeting regulatory compliance.

Project Finance Rating Template (Specialised Lending)

Project Finance is one of the five sub-classes (other sub-classes are object finance, commodities finance, income-producing real estate and high volatility commercial real estate) of Specialised Lending and forms part of the corporate asset class under the Internal Rating Based approach.

Project Finance, as defined by Basel II and the Bank Negara Malaysia Concept Paper, is a method of funding in which:-

- the banking institution looks primarily to the revenues generated by a single project, both as the source of repayment and as security for the exposure. In contrast, if repayment of the exposure depends primarily on a well established, diversified, credit-worthy, contractually obligated end user for repayment, it is considered a collateralised claim on the corporate;

- is usually for large, complex and expensive installations that might include, for example, power plants, chemical processing plants, mines, transportation infrastructure, environment, telecommunications infrastructure (mainly immovable assets);

- may also take the form of financing of the construction of a new capital installation, or refinancing of an existing installation, with or without improvements; and

- the lender is usually paid solely or almost exclusively from the proceeds generated by the project being financed.

The objectives of building this scorecard are:-

- To develop and implement a Project Finance rating template based on and mapped to Basel II/BNM Supervisory Slotting Approach to achieve an IRB compliance;

- To enhance credit risk management processes to achieve:-

  (i) Consistency in credit risk assessment and business management for project finance portfolios; and
  (ii) Improvement in turnaround time.

- To facilitate better pricing of borrowers based on risk class.

The rating tool for Project Finance lending is applicable at both Maybank Investment Bank Berhad and Maybank's Project Finance Portfolios (bonds and loans);

Design of the rating template is adapted for the Maybank and Malaysian context, achieving the most relevant information for Maybank's exposures and also take into account what information is available for rating;

The project finance's rating tool produced eight (8) internal grades, which is then mapped to Basel II/BNM's four (4) slotting grades for IRB compliance and Risk Weighted Asset (RWA) computation.

Risk Data Management Solution (RDMS)
RDMS was conceived as part of a Group-wide initiative to provide Maybank with a capital charge calculator to meet Basel II - Pillar 1 requirements for credit risk. RDMS improves risk management practices and enables the Bank to adopt more comprehensive and accurate measures of risk as well as more effective processes for controlling exposures to risk.

Maybank adopts the FIRB approach for credit risk and Advanced Internal Ratings Based (AIRB) approach for selected major retail portfolios. The computation for credit RWA is expected to commence on Jan 1, 2010.

In addition to ensuring credit risk regulatory compliance for the Group, RDMS is the key solution to provide regulatory and Pillar III reporting capabilities. RDMS supports the Bank in its model creation, maintenance and validation process by historising relevant business data. It also provides the foundation for the creation of key business components like Risk Based Pricing and Risk Adjusted Performance Measures in the medium term.

NPL Data Management
The NPL Data Management workstream captures data related to defaults, provisions, recoveries collection and cost of recoveries. Its primary aim is to make available the sources or fields that the Bank aims to collect to make its own estimates on Loss Given Default (LGD) and to further verify the parameters used in determining the same by way of backtesting. The Bank's own LGD estimates (particularly for retail) are crucial elements in calculating the RWA.

As at to date the workstream have identified the NPL data fields across various systems in the Bank and enhanced many new Basel II requirements in the business processes of existing NPL sectors. Prompt and detailed NPL data information will also serve as a key factor towards indicating areas for improvement in the management of assets thus maximising resources and improving efficiency.

Retail Segmentation
The project aims to develop a Retail (IRB) segmentation scheme that allows for a meaningful differentiation and quantification of loss characteristics in its retail portfolio. Seven major portfolios have been identified for development of the segmentation scheme, i.e. Housing Loan, Auto Loan, Credit Card and Unit Trust Loan for Malaysia and Housing Loan, Auto Loan and Credit Card for Singapore. This project commenced in January 2008 and was completed in May 2009.

Group Collateral Management System (GCMS)
The GCMS project provides the framework for meeting specific operational and monitoring requirements under Basel II for the use of credit risk mitigation techniques. GCMS is a central collateral management

system for Maybank Group where collateral data, related functionalities including a consistent system revaluation allows eligible collaterals under both SA and IRB Approaches are used towards reduction in regulatory capital. Collateral data are exported to the Data Warehouse for RDMS extraction into the capital calculator.

Market Risk Definition

Market risk is defined as the risk of potential losses in earnings arising from movement in market prices and their respective correlations and volatilities. The major market risk classes are price risk and liquidity risk.

Price risk is the risk to earnings as a result of adverse changes in the market factors such as foreign exchange rates, interest rates, commodity prices and equity. Liquidity risk arises when the Group is unable to obtain funds to meet its financial obligations at a reasonable cost due to the adverse market movement, which hinders the ability of the Group to withdraw or to hedge its positions.

Management of Market Risk

Market Risk Management (MRM) is the independent risk control unit responsible to ensure efficient implementation of market risk management frameworks and adequate risk controls are in place to support the business growth. Its primary objective is to facilitate risk/return decisions, reduce volatility in earnings, highlight transparent market risk and liquidity risk profile to senior management, Asset and Liability Management Committee (ALCO), Risk Management Committee (RMC), Board of Directors (BOD) and regulators.

The units within MRM which perform MRM's functional responsibilities are Policy and Documentation, Trading Risk Management, Market Risk Governance and Asset Liability Management.

The level of risk tolerance by the Group is primarily controlled through a series of approved limits and policies. Policy and Documentation is responsible to develop and formulate comprehensive market risk management frameworks, policies and risk limits methodologies for all treasury activities and documentation standards for regulated financial market agreements relating to treasury operations.

Trading Risk Management is responsible to develop, review and enhance the application of pricing, valuation methodologies and market risk quantitative methodologies. Trading Risk Management is also responsible to quantify, analyse, recommend and report the utilisation of market risk capital.

Market Risk Governance performs independent daily monitoring of the Group's Treasury activities to ensure compliance of all approved policies, risk limits and regulatory requirements.

Asset Liability Management is responsible to provide balance sheet risk oversight to support the ALCO of Maybank Group by defining the risk management policies and risk limits methodologies particularly for interest rate risk in the banking book and funding liquidity risk. Besides, Asset Liability Management is responsible to review the pricing parameters for loans and deposit products and assist the Central Funding Unit (CFU) to ensure that Funds Transfer Pricing (FTP) process is carried out effectively.

The ALCO is the management-level committee that supports the RMC in market and liquidity risk oversight. ALCO reviews the market risk management strategies, framework/policies, methodologies and internal controls as well as oversees the Group's liquidity and balance sheet risks.

Market Risk Management Framework

The Market Risk Management Framework covers key risk management activities of identification, measurement, monitoring, control and reporting of the market risk exposures, which are benchmarked against industry best practices and regulatory requirements. The principles mentioned under the framework are intended for general application across all treasury and core banking products/instruments, subject to the respective units' risk appetite, resources and capabilities.

Price Risk (Trading Risk) Framework

Value-at-Risk (VaR) is a key market risk measure to estimate the potential loss of value resulting from market movement over a specified period of time within a specified confidence level, under a normal business situation. The Group's VaR is computed based on the Historical Simulation approach on a 10-day holding period at 99% confidence for a 1-year observation period.

The Group performs stress testing to assess its ability to withstand any changes in the economic and financial conditions that could have unfavourable effects on the Group's profitability and capital base. By identifying and evaluating the risk profile and the business risk, the Group is able to undertake appropriate measures.

In addition, the Group adopts BNM's Standardised Approach for the market risk capital charge computation. This is imperative as the capital serves as a financial buffer to withstand any adverse market risk movements. Interest rate risk is the primary risk charge experienced in the Group's trading activities.

The Group's policies, processes and controls are designed to achieve a balance between exploiting trading opportunities and managing earnings volatility within a framework of sound and prudent practices. Trading activity risks are subject to limits which are established by currency, instrument, position and maturities. All positions are Marked-to-Market daily and the valuations are reviewed on a regular basis.

Several medium-term projects have been initiated to enhance the capabilities of the treasury system infrastructure; amongst others are the Treasury Risk Management System (TRMS) and Internal Models Approach (IMA).

- **Treasury Risk Management System (TRMS) Project**

  The TRMS project was initiated in 4Q08 and aims to enhance the existing risk monitoring for Treasury Front Office, Middle Office and Back Office on a real time basis. The project is expected to be completed within two years. The benefits of the project are to enhance the operational efficiency of the treasury processes and to provide more comprehensive exposure reports. The activities involved in the TRMS are the enhancement of treasury system, streamlining / integrated workflows and processes for all treasury products.

- **Internal Models Approach (IMA) Project**

  The IMA project was embarked to facilitate global risk monitoring and capturing; increasing the capability of Maybank to perform efficient allocation of market risk capital for treasury business and to further enhance risk management processes. There are two work streams under the IMA project, i.e. business requirements which involve IMA certification and the technical requirements which involve data integration from overseas units.

  Under the functional work stream, the Group aims to employ an advanced approach of computing the market risk capital charge i.e. replacing the existing Standardised Approach method. The IMA technical work stream interfaces data/exposures from all entities (including overseas branches and subsidiaries) to the risk engine at Head Office. This would enable Maybank to proactively aggregate and manage the global risk exposures for all products.

  The Group is also enhancing the prevailing risk measurement methodology, market risk frameworks and processes to obtain certification from BNM on IMA readiness. With the implementation of IMA, the Maybank Group will be on par with other global banks for the advanced and efficient management of capital charge. The project is targeted to be completed in 2011.

Interest Rate Risk in the Banking Book

Interest rate risk is the risk to both earnings and capital arising from adverse movement in interest rates. The Group emphasises the importance of managing interest rate risk as most of the balance sheet items of the Group generate

interest income and interest expense which are indexed to interest rates. Volatility of earnings is an important focal point for interest rate risk analysis as reduction in earnings will pose a threat to the Group's capital adequacy.

The Group adopts a consistent way of quantifying interest rate risk through analysing the repricing mismatch between rate sensitive assets and rate sensitive liabilities. The Group also performs dynamic simulation analysis to assess the variation in earnings under various rates scenarios (including the ±200 basis points shock) from the Bank's pro-forma balance sheet.

Taking a more comprehensive view of potential long-term effects of the Group's overall exposure, the impact on economic value is also measured under ±200 basis points shock. The impact on economic value is well below the internal limit and way below the Basel's recommended 20% of total Tier 1 and Tier 2 capital.

The vulnerability under stressed market conditions such as abrupt changes in the level of the term structure of interest rate risk is measured by performing stress testing on the Bank's current position.

The strategies and mitigating actions are regularly reviewed to achieve a balance between risks, earnings and capital against tolerance limits. Various strategies adopted include adjusting the maturity tenor or repricing tenor of assets and liabilities, re-strategising new business growth, securing long term fixed rate funding and entering into interest rate derivative contracts.

To further comply with Basel II Pillar 2 with regards to market risk management for the banking book, Maybank has undertaken an initiative to further streamline and improve the existing Funds Transfer Pricing methodology and Central Funding Unit (CFU) process. The CFU project aims to enable the Bank to identify, price and segregate market risk to insulate the business units from market interest rate volatility. The CFU has been established to proactively manage the market risk for the banking book i.e. further complementing the risk management and oversight of the ALCO. The FTP concept has been incorporated into the loan pricing process as well as new product approval sign-off process. Currently, the technical refinement covering processes and efficient allocation of FTP charges are being reviewed. The project is expected to be completed in less than 1 year.

Liquidity Risk Management Framework

Liquidity is the ability of the bank to fund increases in assets and meet obligations as they come due, without incurring unacceptable losses.

In the Malaysian context, the measurement and management of liquidity risk is subject to the BNM's Liquidity Framework. During the last financial year, the Bank's positive net surplus level was well above the minimum statutory requirements. The core principles of BNM's standards are consistently applied to Maybank's international operations in conjunction with the host regulatory requirements and leading practices.

The Group also uses a range of tools to monitor and limit liquidity risk exposure such as liquidity gap, early warning signals, liquidity indicators and stress testing. The liquidity positions of the Group are monitored regularly against the established policies, procedures and limits.

Diversification of Liquidity Sources

Sources of liquidity are regularly reviewed to maintain a wide diversification by currency, provider, product and term. Maybank Group has a diversified liability structure to meet its funding requirements. Diagram 3 shows the primary sources of funding which include customer deposits, interbank deposits, debt securities, swap market, bank loan syndication and medium-term funds. The Group reviews, initiates and implements strategic fund raising programmes as well as institutes standby lines with external parties on a need basis.

Diagram 3: Funding Diversification by Products

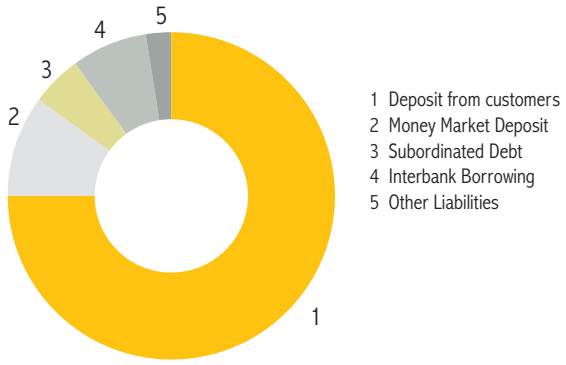
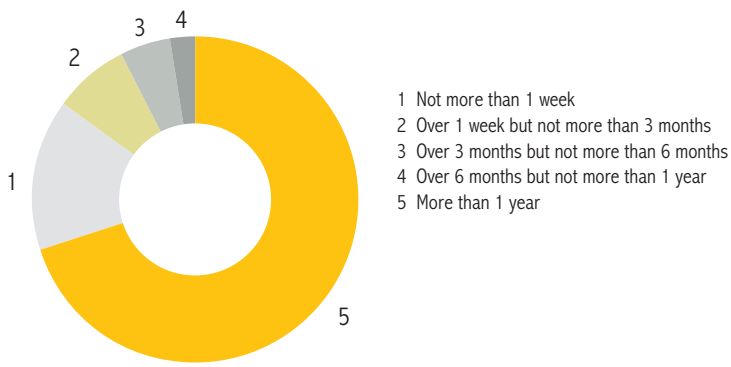


Diagram 4: Funding Diversification by Behavioural Maturity


4
3
2
1
5
1 Not more than 1 week
2 Over 1 week but not more than 3 months
3 Over 3 months but not more than 6 months
4 Over 6 months but not more than 1 year
5 More than 1 year

The stable growth in deposits is attained through Maybank's large branch network and its reputation as one of the leading financial institutions in the domestic market. Based on customer behavioural profiling study, the rollover rate of traditional deposits has been consistent, hence providing Maybank Group with a steady source of funding. In addition, the Group's financial strength and strong credit rating provide the basis for continued customer confidence and long-term growth in the years to come.

The Bank's funding diversification is augmented with monitoring of concentration by maturity to avoid having many debt repayments at any one time as presented under Diagram 4.

Liquidity Buffers

Maybank Group maintains a portfolio of highly liquid instruments on its balance sheet that can be drawn upon when needed. These liquid assets include cash and government bonds and high credit quality private securities that can be sold or funded on a secured basis, as protection against any unforeseen interruption to cash flow.

Stress Testing and Contingency Funding Plan

The Group uses stress testing and scenario analysis to evaluate the impact of sudden stress events on liquidity position. Scenarios are based on hypothetical events that include bank specific crisis and general market crisis scenarios. The stress test result provides an insight into the Bank's funding requirements during different levels of stress environment and is closely linked to the Group's Contingency Funding Plan (CFP), which provides a systemic approach in handling any unexpected liquidity disruptions. The plan encompasses strategies, decision-making authorities, internal and external communication and courses of action to be taken under different liquidity crisis scenarios. The CFP is being tested regularly to ensure the effectiveness and robustness of the plan.

In August 2008, the Bank conducted a CFP test focusing on testing the preparedness of key senior management and their respective alternate in handling a simulated distress funding situation. Overall the test was carried out successfully and met its intended objectives. Several valuable key lessons were observed. Hence, a number of business initiatives have been spun-off from the CFP test to further strengthen the Bank's business and risk management framework and processes. The Bank is currently preparing for the next CFP test, targeted to be implemented by December 2009.

The recent global financial turmoil did not have a significant impact on the Group. A Special Task Force comprising members of senior management was formed to closely monitor and assess any emerging risk factors. Prompt actions and decisions were taken to ensure that foreign currency funding requirements were mobilised in an effective manner. The overall USD funding remained stable and the Group's liquidity position remained intact during the period.

OPERATIONAL RISK MANAGEMENT

Operational Risk Definition

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and

systems or from external events. This definition includes legal risk, but excludes strategic and reputational risk.

Management of Operational Risk

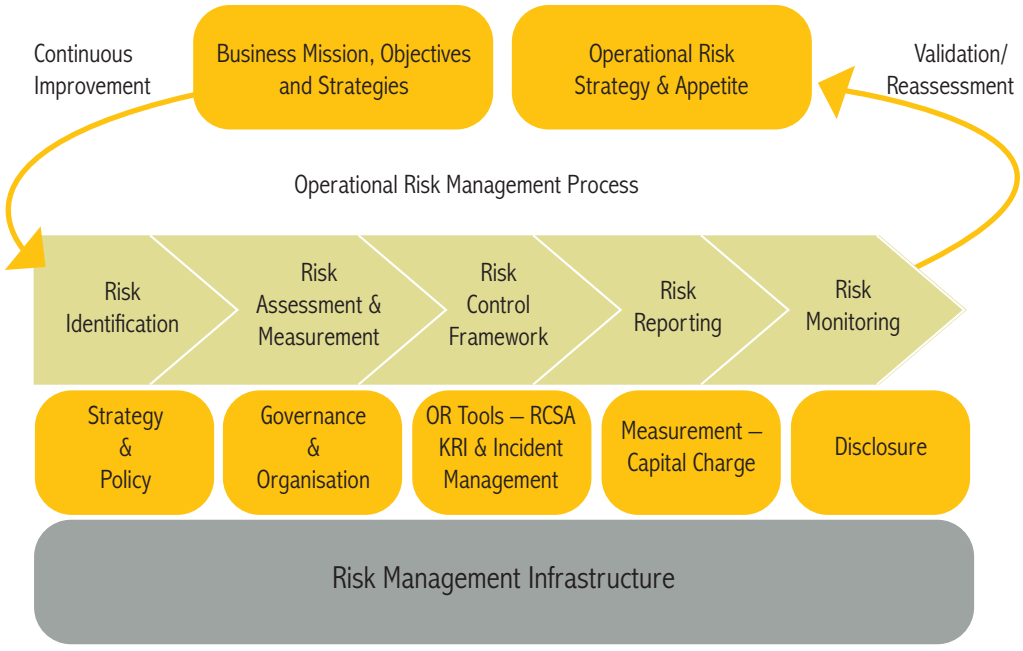
The Operational Risk Management Unit (ORM) is responsible for the formulation and implementation of operational risk framework within the Group, which encompasses the operational risk management strategy and governance structure. Another key function is the development and implementation of the operational risk management tools and methodologies to identify, measure, monitor and control operational risks.

Risk taking units (Business/Support Sectors) constitute an integral part of the operational risk management framework and are primarily responsible for the day-to-day management of operational risk. They are responsible for maintaining their respective operational manuals and ensuring that activities undertaken by them comply with the Group's operational risk management framework.

Risk Officers and Risk Representatives have been appointed within the various Business and Support Sectors (BSSs) of the Group. While Risk Officers form the key interface between BSSs and ORM, Risk Representatives, in turn, form the key interface between the operating unit and the respective BSS's Risk Officer. Risk Officers and Risk Representatives are the key personnel within the BSSs responsible for implementing and executing the operational risk management processes and tools. They are also responsible for the investigation of operational losses; monitoring and analysis of risk trend; and the training of staff on operational risk management practices and governance.

Operational Risk Management Framework

Maybank Group's Operational Risk Management Framework focuses on the five causal factors of operational risk ie internal processes, people, systems, external events and legal.



The ORM Framework aims to ensure that the Group entities, Board of Directors, business line management, staff and contractors can discharge their operational risk management responsibilities within a transparent and formalised framework that is aligned to business objectives.

Maybank Group is targeting the Standardised Approach for the purpose of Operational Risk capital charge calculation under Pillar 1. In line with this approach, the Group has mapped its business activities into the eight business lines as prescribed by Basel II and BNM Risk Weighted Capital Adequacy Framework issued on 19 April 2007.

The Maybank Group Activities and Gross Income & Operational Risk Capital Charge Methodology was approved by the Risk Management Committee.

The Group has automated the operational risk capital charge calculation process for the Basic Indicator Approach (BIA) and The Standardised Approach (TSA). The automation was initiated to produce accurate and reliable figures for Operational Risk capital charge across the Maybank Group.

Operational Risk Management Methodology and Tools

A variety of methodologies and tools have been implemented to effectively identify, assess, measure and report operational risk exposures on a timely basis, thereby serving as tools to facilitate decision-making and enhance the operational risk management process, including:

Operational Risk Identification and Assessment

- Risk identification is the recognition of operational risk scenarios that may give rise to operational losses. For example, under the Group's product approval programme, all risks inherent in new products/financing packages and related business activities are identified prior to the launch of the product/financing package, with risk mitigation measures emplaced.

- Risk-profiling and self-assessment exercises are also conducted as part of the operational risk management process.

The above exercises enable risk taking units to identify inherent operational risks specific to their environment and assist them in assessing the effectiveness of controls in place.

Operational Risk Measurement and Monitoring

The key methods and tools used to measure and monitor operational risks are as follows:

- **Risk & Control Self Assessment (RCSA)**

  RCSA is a process of continual assessment of risks and controls to identify control gaps and to develop action plans to close the gaps. It is a risk profiling tool which facilitates effective operational risk management for the Group.

  Key Benefits
  - Provide a framework and methodology for comprehensive self-assessment of inherent risks and adequacy of controls in place.
  - Provide a management tool for monitoring risks and controls and to complement the risk management structure.
  - Provide a framework for identification of opportunities for improvements across the Group based on international best practices.
  - Provide foundation for the Advanced Measurement Approach (AMA) for capital modelling under Basel II.

BSSs undertake the RCSA exercise to identify operational risk and control of their key processes. The tool has also facilitated the BSSs to develop and review their risk profile. In addition, it has assisted the BSSs to give due focus in the review of business processes to enhance critical operations and controls, especially those that were assessed to be of Very High and High risk categories.

The sector level risk profiling exercises are compiled to establish the Maybank Group Risk Profile on a half yearly basis. The consolidated Risk Profile is presented to the Executive Risk Committee and Risk Management Committee.

- **Key Risk Indicators (KRIs)**

  KRIs are embedded into critical processes to provide early warning of increasing risk and/or control failures by flagging up given frequencies of events as a mechanism for continuous risk assessment/ monitoring.

Key Benefits

- Provide a management tool to track and monitor critical operational risk exposures over time.
- Provide an early warning signal of changes in the risk environment and the effectiveness of controls.
- Facilitate measurement of risk exposure to act as an incentive mechanism for good risk management behaviour.
- Keep the operational risk management process dynamic and risk profiles current through ongoing tracking of risk exposures.
- Provide foundation for the Advanced Measurement Approach (AMA) for capital modelling under Basel II.

BSSs monitor their risk exposures via KRIs which could serve as early warning signals. With the introduction of the KRI tool, ORM was able to work with BSSs to develop and review their KRIs with the setting of appropriate thresholds. BSSs are required to develop specific and concrete action plans for those indicators that fall under "Danger" and "Caution".

KRIs are tracked at Group, Business and Operating levels. The main sources of KRIs are from the periodic RCSA process, IMDC database, BSS's experiences, internal/ external audit findings and Bank Negara Malaysia examination findings.

- **Incident Management & Data Collection (IMDC)**

  IMDC provides a structured process and system to identify and focus attention on operational "hotspots" and facilitates the minimisation of risk impact.

  Key Benefits

  - Provide a common mechanism for reporting of operational risk incidents thereby providing a consistent and standardised incident information in a centralised database.
  - Provide a management tool to identify and focus attention on operational 'hotspots' and facilitate minimisation of risk impact.
  - Provide consistent escalation triggers to different levels of management within the Group.
  - Provide a centralised database of loss incidences and near misses to facilitate learning and analysis for future enhancements.
  - Provide a foundation for the Advanced Measurement Approach (AMA) for capital modelling under Basel II.

With the implementation of the IMDC and the availability of a centralised operational risk loss database, ORM and BSSs are able to analyse operational incidents based on causal factors as well as Basel II's loss event types and identify "operational hotspots" for appropriate action plans to address the critical areas.

Risk Mitigation and Control

Risk Mitigation tools and techniques are used to minimise risk to an acceptable level and are focused on:

- Decreasing the likelihood of an undesirable event occurring; and
- Decreasing the impact on the business, should it occur.

The control tools and techniques to mitigate operational risk are as follows:

- **Business Continuity Management (BCM)**

  The Maybank Group BCM Programme which commenced in August 2004 aims at ensuring business continuity and people safety in the event of disruptions and or disaster. The programme covers the implementation of various BCM initiatives that have been developed in line with the BNM requirements and best BCM practices.

  Under BCM implementation, Business Continuity Plans (BCP) have been developed for all critical sectors, including subsidiaries and overseas branches. To coordinate the crisis escalation procedures and recovery efforts, we have established the BCM Command Centre and Recovery Centres.

  The Key Benefits of the BCM Programme:

  - Ensure continuity of critical business functions and essential services within a specified timeframe in the event of disruptions/disaster.

- Mitigate/minimise impact of the incident to the Group.
- Inculcate BCM culture.
- Promote customer confidence.
- Compliance with BNM requirements.

By having a proper BCM Programme in place, we are able to respond effectively and in a structured manner in the event of disruptions/disaster, hence ensuring the Group's business continuity.

Insurance

Insurance programme is another risk mitigation technique aimed at reducing operational risk exposures from 'low frequency - high severity' events that are beyond the Group's control. Maybank has put in place a risk-based insurance management framework to enable the following:

- Implement and monitor Maybank's insurance programme as a risk mitigation technique in a coordinated and consistent manner.
- Minimise operational losses to Maybank, particularly for low likelihood events with high impact.
- Enable a structured and consistent review in the scope and adequacy of Maybank's insurance programme.
- Insurance is used to reduce risk to an acceptable level based on the Group's risk appetite.

- **Outsourcing**

  Outsourcing is a technique used by Maybank Group mainly for the purposes of reducing fixed and/or current expenditure and to concentrate on the Group's core business with a view to enhance operational efficiency.

  For effective operational risk management, the Group's Outsourcing Policy which is designed in accordance with local regulatory requirements and international best practices has been put in place. All new outsource services introduced is subject to rigorous risk review by the risk taking unit proposing the outsourcing service and independent risk review by Risk Management.

  Continuous reviews, monitoring and reporting to the Executive Risk Committee and Risk Management Committee are also carried out by Risk Management to ensure that integrity and service quality of service providers are not compromised.

- **Fraud/Anti-Money Laundering Detection System (FADS)**

  The Bank has implemented the FADS which analyses trends and behavioural patterns of banking transactions.

  Key Benefits
  - Provide automated tracking and reporting process for the detection of most probable fraudulent and abnormal transactions.
  - Facilitate monitoring of such detections to mitigate potential monetary losses on probable fraudulent incidents perpetrated by fraudsters.
  - Provide timely and effective early detection for immediate actions.

  The system facilitates detection of abnormal behaviour in accounts thereby enabling prompt action to be taken to curtail possible losses.

- **Fraud Reporting Hotline**

  The Fraud Reporting Policy provides all employees of Maybank Group, a framework and avenue to report actual or suspected misconduct or violations of the Group's policies and regulations in a safe and protected manner.

  The purpose of implementing a fraud reporting hotline is to promote a culture where it is safe and acceptable for all employees to raise concerns regarding fraud, criminal activities, dishonesty and malpractice committed by another employee via a dedicated reporting mechanism.

Key Benefits

- Deter employees from engaging in unacceptable practices and misconduct.
- Protect the Group against potential damages or losses.
- Encourage employees' trust and confidence to raise concerns within the Group.

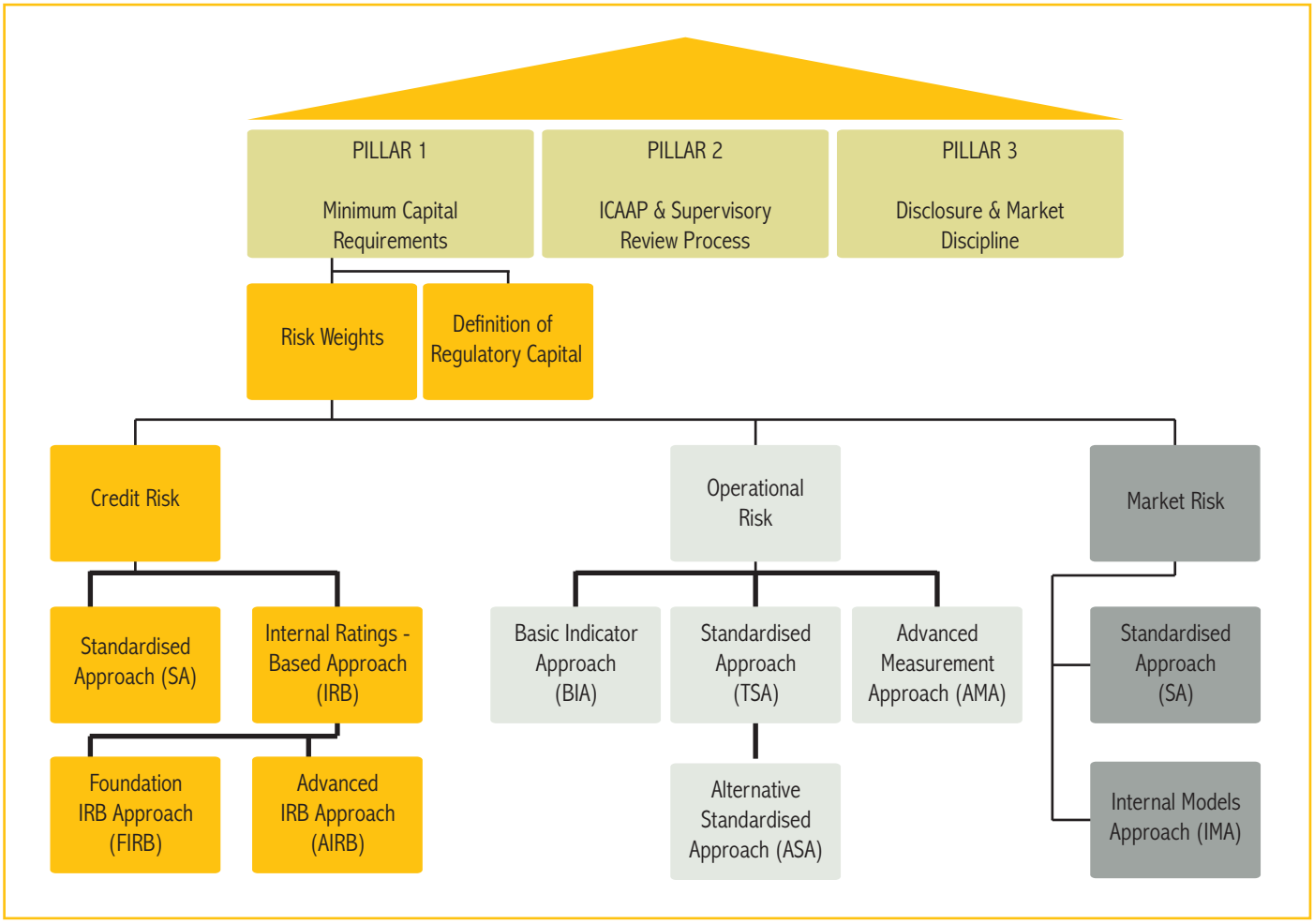
'Fraud Reporting Hotline' is one of the topics covered in the 'Integrity Campaign' rolled-out in May 2009 to Malaysian Operations, Head Office Departments and local subsidiaries to inculcate an anti-fraud culture that promotes honesty, openness, integrity and vigilance throughout the workforce.

All the above ORM initiatives met the qualitative requirements of the Standardised Approach for Operational Risk under Basel II.

Basel II Update and Status of Group's Preparations

BNM implemented the "Basel II: International Convergence of Capital Measurement and Capital Standards – A Revised Framework" in 2008. BNM issued the final guidelines on Basel II for credit risk and operational risk under the basic standardised approaches in April 2007. The implementation date for these approaches was 1 January 2008.

Maybank Group intends to adopt the FIRB approach for credit risk (and the AIRB approach for the major Retail portfolios) and the Standardised Approach for operational risk. As part of the application process, the Group submitted the required information to BNM and had received an approval in-principle to adopt the FIRB approach commencing 2010.



Briefly, the Basel II framework is designed with a three-pillar approach covering the following:

Pillar 1 – Minimum Capital Requirements
Pillar 2 – Supervisory Review Process
Pillar 3 – Market Discipline

Group's Preparations for Basel II

The Group is fully committed to adopt the more advanced approaches under the menu of options available for credit risk, market risk and operational risk. In this regard, the Group has allocated the necessary budget and resources to undertake the relevant tasks.

Basel II Implementation Governance Structures

Leadership for the implementation of the comprehensive Basel II initiatives is provided by two dedicated committees:

- Basel II Strategic Committee (BSC) which acts as the Steering Committee for the Group's various initiatives. Membership of the BSC, which is chaired by the CFO, comprises heads of business units, support teams and the Project Director of Basel II. The BSC meets at least once every two months.

- Basel II Implementation Committee (BIC) acts to coordinate activities at the working level. Chaired by the Project Director of Basel II, the BIC meets at least once a month. Reporting to the Project Director Basel II are the Heads of Pillar 1, Pillar 2 and Pillar 3.

  Apart from the above steering committees, three special committees had been set up during 2008-2009. They are:

  - Model Validation and Acceptance Committee (MVAC), which acts to review model validation issues to ensure models in use meet the required standards of accuracy and stability.

  - Pillar 2 Review Committee (P2RC), which is tasked to review Pillar 2 risk issues to ensure key regulatory requirements set are met by the Bank and the Group.

  - Basel II Data Management Committee (B2DMC), which reviews data quality issues and ensures timely resolution of data gaps, if any.

A Basel II Programme Office serves to coordinate and manage the overall implementation of the various Basel II initiatives. Most of the Group's Basel II initiatives have been completed during 2008-2009. Parallel reporting on credit risk-weighted exposures to BNM is expected to be performed during 2009.

To meet Pillar 2 requirements, the Group has implemented an Internal Capital Adequacy Assessment Process (ICAAP). Our ICAAP process addresses Pillar 2 risk types such as reputational risk, business and strategic risk, credit concentration risk and interest rate risk in the banking book. The ICAAP framework and process would be refined continuously to take into account the Group's changing risk profile, risk appetite, business strategies, market conditions and stress test exercises.

As part of Pillar 3 requirements on enhanced public disclosures on risk profile and capital adequacy, the Group shall provide additional disclosures moving forward, based on disclosure regulations to be issued by BNM.

Moving forward, the Group had formulated a "Basel II Implementation Master Plan 2007-2013" setting out its plans to move to the most advanced approaches between 2010 and 2013.

Anti-Money Laundering/Counter Financing of Terrorism Policy

Maybank Group is at the forefront of the Government and Bank Negara Malaysia's continuous initiatives and efforts in the prevention of the use of the banking system for illicit, laundering and terrorism financing activities.

The Group demonstrates its commitment to high standards of compliance with the Anti-Money Laundering/Counter Financing of Terrorism (AML/CFT) requirements by establishing a comprehensive policy, procedures, processes and systems for the prevention and detection of money laundering and terrorist financing activities.

The AML/CFT programme is subject to periodic reviews to ensure that it remains robust and complies with the requirements of the Anti-Money Laundering and Anti-Terrorism Financing Act 2001 (AMLATFA 2001) as well as its AML/CFT-related guidelines.

Key measures undertaken in Maybank Group include having in place the following:

- Policy and procedures which outline the roles and responsibilities as well as establish clear accountability of all employees within the Group. These policy and procedures are subject to periodic reviews;
- Customer Due Diligence measures which emphasise the importance of ascertaining the customer's identity and establishing the ultimate economic beneficiary via documentary and/or non-documentary mechanisms;
- On-going monitoring of customer transactions through management information systems that enable the detection and reporting of suspicious activities to the Financial Intelligence Unit, Bank Negara Malaysia on a timely basis;
- Provision of full and timely disclosure of suspicious transactions/circumstances to the relevant authorities as provided under all applicable laws/respective jurisdictions;
- Record keeping of all identification/transaction details obtained for the purpose of customer identification as well as of all documents in accordance with statutory requirements; and
- Regular AML/CFT employee communication and training programmes through various channels to raise awareness at all levels within the Group.

Entities within the Group, regardless of geographic locations, are committed to ensuring compliance with the Group-wide AML/CFT Policy as well as applicable AML/CFT legislations within the jurisdiction they operate.

The Group will provide all possible assistance to enforcement agencies and competent authority in the investigation of money laundering and/or financial crime.

Code of Ethics and Conduct

Maybank, as a custodian of public funds, has a responsibility to safeguard its integrity and credibility. It is on this understanding that the organisation sets out clearly the code of ethics and conduct for its staff. The code stipulates the sound principles that will guide all Maybank staff in discharging their duties. It sets out the standards of good banking practice.

The purpose of the code is to:	The code stipulates that staff should not:
1. Uphold the good name of the Maybank Group and to maintain public confidence in the Maybank Group.	1. Engage directly or indirectly in any business activity that competes or is in conflict with the Bank's interest.
2. Maintain public confidence in the security and integrity of the banking system.	2. Misuse or abuse their positions in the Bank for their personal benefit or for the benefit of other persons.
3. Maintain an impartial and unbiased relationship between the Maybank Group and its customers.	3. Misuse information. Staff should not copy, remove or make use of any information obtained in the course of business for the direct or indirect benefit of themselves or of any other persons.
4. Uphold the high standards of personal integrity and professionalism of the Maybank Group staff.	

In addition to these, staff should:

1. Ensure the integrity and accuracy of records and/or transactions.
2. Ensure fair and equitable treatment in all business dealings on behalf of the Bank.
3. Maintain the highest standard of service in their relationship with customers.
4. Maintain confidentiality of all relations and dealings between the Bank and its customers. However, confidential information concerning a customer may be given or made available to third parties only with prior written consent of the customer or when disclosure is authorised under the Banking and Financial Institutions Act, 1989.
5. Manage their financial matters well and not subject themselves to pecuniary embarrassment.
6. Observe and comply with laws and regulations relating to the operations of the Bank.

Statement on Internal Control

The Board acknowledges its overall responsibility for maintaining sound internal control systems to safeguard shareholders' interest and the Group's assets.

INTRODUCTION

Paragraph 15.26(b) of the Bursa Malaysia Securities Bhd Listing Requirements requires the Board to include in the Company's Annual Report a statement about the state of its internal control. The revised Malaysian Code on Corporate Governance (2007) requires all listed companies to maintain a sound system of internal control to safeguard shareholders' investment and the company's assets.

Accordingly, the Board is pleased to provide the Statement on Internal Control ("Statement") that was prepared in accordance with the "Guidance for Directors of Public Listed Company" issued by Bursa Malaysia Securities Bhd which outlines the processes the Board has adopted in reviewing the adequacy and integrity of the system of internal control of the Group.

RESPONSIBILITY

The Board acknowledges its overall responsibility for maintaining sound internal control systems to safeguard the shareholders' interest and the Group's assets. It is of the view that the internal control framework is designed to manage the Group's risks within an acceptable risk profile, rather than eliminate the risk of failure to achieve the policies, goals and objectives of the Group. It can therefore only provide reasonable rather than absolute assurance of effectiveness against material misstatement of management and financial information or against financial losses and fraud.

The Board has in place an on-going process for identifying, evaluating, monitoring and managing significant risks that may affect the achievement of business objectives. The process which has been instituted throughout the Group is updated and reviewed from time to time to suit the changes in the business environment and this on-going process has been in place for the whole financial year under review.

The role of Management includes:-

- identifying and evaluating the risks faced;
- formulating related policies and procedures to manage these risks;
- designing, operating and monitoring a suitable system of internal controls; and
- implementing the policies approved by the Board.

CONTROL STRUCTURE

The key processes that the Directors have established in reviewing the adequacy and integrity of the system of internal controls include the following:-

Risk Management Framework

- The Board has established an organisation structure with clearly defined lines of responsibility, limits of authority and accountability aligned to business and operations requirements which support the maintenance of a strong control environment. It has extended the responsibilities of the Audit Committee to include the assessment of internal controls, through the Internal Audit ("IA") function.

- The Board has also delegated the responsibility of reviewing the effectiveness of risk management to the Risk Management Committee. The effectiveness of the risk management system is monitored and evaluated by the Group Risk Management function, on an on-going basis.

- Risk management principles, policies, procedures and practices are updated regularly to ensure relevance and compliance with laws and regulations and are made available to all employees. To further enhance risk awareness within the Maybank Group, a series of Risk Awareness Programs have been conducted at all levels of staff emphasising the

importance of control environment. The Group has also adopted a whistle blowing policy, providing an avenue for employees to report actual or suspected misconduct or violations of the company's policies and regulations in a safe and confidential manner.

- A written Management Control Policy (MCP) and Internal Control Policy (ICP) from Management are in place. The MCP outlines the specific responsibilities of the various parties, i.e. Management, Internal Audit Committee and Audit Committee of the Board, pertaining to internal control for Maybank Group. The ICP is to create awareness among all the employees with regards to the internal control components and the basic control policy of Maybank Group.

- Establishment of the three (3) lines of Defence concept – risk taking units, risk control units and internal audit. The risk taking units are responsible for the day-to-day management of risks inherent in their business activities while the risk control units are responsible for setting the risk management framework and developing tools and methodologies. Complementing this is internal audit, which provides independent assurance of the effectiveness of the risk management approach. Further information on Group Risk Management which includes Operational Risk Management, Credit Risk Management and Market Risk Management is highlighted on pages 218 to 234.

Internal Audit Function

- The Internal Audit function includes undertaking regular reviews of the Group's operations and their systems of internal control by performing regular reviews of the business processes to examine and evaluate the adequacy and efficiency of financial and operating controls and highlights significant risks and non compliance impacting the Group. Where applicable, they provide recommendations to improve on the effectiveness of risk management, control and governance process. Management will follow up and review the status of actions on recommendations made by the internal and external auditors. Audits are carried out on units that are identified premised on a risk based approach, in cognisance with the Group's objectives and policies in the context of its evolving business and regulatory environment, taking into consideration input of the senior management and the Board.

- The Audit Committee of the Board (ACB) regularly reviews the actions taken on internal control issues identified in reports prepared by Internal Audit, the external auditors, regulatory authorities, and further evaluates the effectiveness and adequacy of the Group's internal control system. The ACB has active oversight on the internal audit's independence, scope of work and resources. It also reviews the Internal Audit function, particularly the annual audit plan scope and frequency of the internal audit activities.

Other Key Elements of Internal Control

The other key elements of the procedures established by the Board which provide effective internal control include:-

- An annual business plan and budget is submitted to the Board for approval. Actual performances are reviewed against the targeted results on a monthly basis allowing timely responses and corrective actions to be taken to mitigate risks. The Board also reviews regular reports from the management on the key operating statistics, as well as legal and regulatory matters. The Board also approves any changes or amendments to the Group's policies.

- The Board has also set up several Board Committees to assist the Board in performing its oversight functions. Specific responsibilities have been delegated to these Board Committees, all of which

have formalised terms of reference. These Committees have the authority to examine all matters within their scope and report to the Board with their recommendations. For more details on the various Board Committees, please refer to pages 204 to 213.

- Group Executive Risk Committee, Group Management Committee, Group IT Steering Committee, Group Management Credit Committee, Group Procurement Tender Committee (now restructured and known as Group Procurement Committee - GPC), Group Staff Committee, Internal Audit Committee, Asset and Liability Committee and Credit Committee are also established as part of its stewardship function to ensure effective management and supervision of the areas under the respective Committee's purview.

- Recruitment and promotion policies/guidelines within the Group are established to ensure appropriate persons of calibre are selected to fill positions available. Formal training programmes either face-to-face or through e-learning, semi and annual performance appraisals and other relevant procedures are in place to ensure that staff are competent and adequately trained in discharging their duties and responsibilities effectively. Proper guidelines are also drawn-up for termination of staff.

- A clearly defined framework with appropriate empowerment and authority limits has been approved by the Board for acquisitions and disposals of assets, awarding tenders, writing-off of operational and credit items, donations, as well as approving general and operational expenses.

- There are policies and procedures in place to ensure compliance with internal control, the prescribed laws and regulations. These policies and procedures are set out in the Group's Standard Practice Instruction and updated from time to time in tandem with changes to the business environment or regulatory guidelines.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Internal Control for inclusion in the annual report for the financial year ended 30 June 2009.

The external auditors conducted the review in accordance with the "Recommended Practice Guide 5: Guidance for Auditors on the Review of Directors' Statement on Internal Control" ("RPG 5") issued by the Malaysian Institute of Accountants. The review was conducted to assess whether the Statement on Internal Control is both supported by the documentation prepared by or for the Directors and appropriately reflects the processes the Directors had adopted in reviewing the adequacy and integrity of the system of internal controls of the Group.

RPG 5 does not require the external auditors to consider whether the Directors' Statement on Internal Control covers all risks and controls, or to form an opinion on the effectiveness of the Group's risk and control procedures. RPG 5 also does not require the external auditors to consider whether the processes described to deal with material internal control aspects of any significant matters disclosed in the annual report will, in fact, mitigate the risks identified or remedy the potential problems.

Based on their review, the external auditors have reported to the Board that nothing had come to their attention that causes them to believe that the Statement on Internal Control is inconsistent with their understanding of the processes the Board have adopted in the review of the adequacy and integrity of the internal control of the Group.

Audit Committee Report

The Audit Committee ensures that Maybank has a sound risk management, internal control and governance system.

During the financial year ended 30 June 2009, the Audit Committee had a total of 21 meetings. The committee comprises the following members and details of attendance of each of the member at the Committee meetings held during the year are as follows:-

Name of Committee Member	Composition	No. of Meetings Attended Whilst in Office
1 Tuan Haji Mohd Hashir Haji Abdullah	Retired as Chairman w.e.f. 15.7.2009/ Independent Non-Executive Director	21 / 21
2 Tan Sri Dato' Sri Chua Hock Chin	Resigned as member w.e.f. 15.7.2009/ Independent Non-Executive Director	14 / 21
3 Datuk Syed Tamim Ansari Syed Mohamed	Member/Independent Non-Executive Director	21 / 21
4 Spencer Lee Tien Chye	Appointed as member w.e.f. 1.12.2008/Non-Independent Non-Executive Director	13 / 13
5 Teh Soon Poh	Retired as member w.e.f. 26.9.2008/ Independent Non-Executive Director	5 / 5

The General Counsel & Company Secretary, Mohd Nazlan Mohd Ghazali is the Secretary to the Audit Committee of the Board (ACB).

Effective from 15.7.2009, the Chairman, Tuan Haji Mohd Hashir and one of the members, Tan Sri Dato' Sri Chua Hock Chin have retired and resigned as Independent Non-Executive Directors from the Board of Maybank. Maybank has appointed the following new Directors to the Audit Committee of the Board:-

1	Tan Sri Hadenan A. Jalil	–	Appointed on 15.7.2009 as Chairman/ Independent Non-Executive Director
2	Dato' Seri Ismail Shahudin	–	Appointed on 15.7.2009 as member/ Independent Non-Executive Director
3	Zainal Abidin Jamal	–	Appointed on 22.7.2009 as member/ Non-Independent Non-Executive Director

With the new appointments and composition, the Audit Committee consists of three (3) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Directors. One of the members (Spencer Lee Tien Chye) is a member of MICPA, an association of Accountants. This meets the requirement of Section 15.09(1) of the Bursa Securities Listing Requirements which requires at least one qualified accountant as a member of the Audit Committee.

The Audit Committee meets on a scheduled basis at least once a month. The Chief Operating Officer (COO) and the Chief Audit Executive (CAE) are invited to attend the meetings. In addition, the External Auditors are also invited to attend meetings to discuss matters such as the year end audited financial statements, management letters and other matters deemed relevant.

Apart from the scheduled meetings, the members of the Audit Committee also had two (2) one-to-one sessions with the External Auditors in private without the presence of the Management, as required.

COMPOSITION AND TERMS OF REFERENCE

Composition

1. The Chairman and the Audit Committee members shall be non-executive directors and at least one (1) member of the committee must be:-
   - a member of the Malaysian Institute of Accountants (MIA); or
   - if he is not a member of the MIA, he must have at least three (3) years working experience; and
     (i) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967; or
     (ii) he must be a member of one (1) of the association of accountants specified in Part II of the First Schedule of the Accountants Act, 1967.

2. Where the Chairman is unable to attend the meeting, the members shall elect a person among themselves as Chairman.

3. Review of membership is undertaken once every three (3) years. This review pertains to the terms of office and performance of the members.

Quorum

The quorum shall be three (3) with majority to be independent directors.

Authority

The ACB is empowered by the Board to carry out the following:-

1. Investigate any activity or matter within its terms of reference.

2. Promptly report to Bursa Malaysia Securities Berhad ("Bursa Securities") matters which have not been resolved satisfactorily, thus, resulting in a breach of the Bursa Securities Listing Requirements.

3. Obtain external independent professional advice, legal or otherwise, deemed necessary.

4. Maintain direct communication channels with external auditors, person(s) carrying out the internal audit function or activity, and with senior management of the Bank and its subsidiaries.

5. Convene meetings with internal and external auditors, without the attendance of the management, whenever deemed necessary.

In discharging the above functions, the ACB has also been empowered by the Board to have:-

- Necessary resources which are required to perform its duties.
- Full and unrestricted access to any information and documents relevant to its activities.

DUTIES AND RESPONSIBILITIES

The primary duties and responsibilities of the ACB with regards to the Maybank Group's Internal Audit function, external auditors, financial reporting, related party transactions, annual reporting and investigation are as follows:-

Internal Audit

- Review the adequacy of the internal audit scope and plan, functions and resources of the internal audit function, Internal Audit Charter and that it has the necessary authority to carry out its work.

- Review the internal audit reports to evaluate the findings of their work and to ensure that appropriate and prompt remedial action is taken by Management on lapses in controls or procedures that are identified.
- Approve the appointment or termination of the Chief Audit Executive and Heads of Department of Internal Audit.
- Assess the performance of the internal auditor, determine/approve the remuneration and annual increment of the internal auditor.
- Take cognisance of resignation of internal audit staff and the reason for resigning.

External Audit

- Review the appointment and performance of external auditors, the audit fee and any question of resignation or dismissal and to make recommendations to the Board.

- Assess the qualification, expertise, resources and effectiveness of the external auditors.

- Monitor the effectiveness of the external auditors' performance and their independence and objectivity.

- Review the external auditors' audit scope and plan, including any changes to the scope of the plan.

- Review major audit findings raised by the external auditors and Management's responses, including the status of previous audit recommendations.

- Review the assistance given by the Group's officers to the external auditors and any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information.

- Approve non audit services provided by the external auditors.

Financial Reporting

Review the quarterly and year-end financial statements focusing on:-

- any changes in accounting policy and practices
- significant and unusual events, and
- compliance with applicable Financial Reporting Standards and other legal and regulatory requirements.

Related Party Transactions

Review any related party transactions and conflict of interest situations that may arise within the Bank or Maybank Group including transactions, procedures or courses of conducts that may raise questions of Management's integrity.

Annual Report

Report the Audit Committee's activities for the financial year.

Investigation

Instruct the conduct of investigation into any activity or matter within its terms of reference.

Other Matters

Other matters as the Committee considers appropriate or as authorised by the Board of Directors.

SUMMARY OF ACTIVITIES

During the financial year 2008/2009, the ACB had carried out its duties as set out in the terms of reference. The main activities undertaken by the ACB were as follows:-

Internal Audit

1. Reviewed the annual internal audit plan for the financial year 2008/2009 to ensure adequate scope, coverage over the activities of the Bank and the Group and the resource requirements of internal audit to carry out its functions.

2. Reviewed the internal audit reports, audit recommendations and management's responses to these recommendations.

3. Reviewed the status report on Management's efforts to rectify the outstanding audit issues to ensure control lapses are addressed.

4. Reviewed the monthly audit performance reports to ensure the adequacy, performance, progress, achievement and coverage of the internal audit functions.

5. Reviewed the audit reports issued by regulatory authorities, Management's responses to the Regulators' recommendations and the remedial actions taken to rectify the weaknesses detected.

6. Deliberated the minutes of meetings of the subsidiary companies' ACB for an overview of the risk management and internal control systems of those subsidiary companies.

7. Examined the adequacy of the skills, knowledge and core competencies of the internal auditors.

8. Provided independent evaluation on the performance and remuneration package of audit staff in accordance with the requirements of Garis Panduan 1 of Bank Negara Malaysia.

9. Instructed the conduct of investigation into any activity or matter within its terms of reference.

10. Approved the appointment of audit staff in key positions and noted the reasons for the resignation of audit staff.

11. Reviewed the Audit Committee Report and Statement on Internal Control.

12. Reviewed the Internal Audit Committees' minutes of meetings for an overview of the deliberation and remedial actions taken by Management on the control lapses raised by internal auditors.

Financial Reporting

13. Reviewed the quarterly unaudited financial results and the annual audited financial statements of the Bank and the Maybank Group to ensure that the financial reporting and disclosure requirements are in compliance with the relevant acts, rules, and regulations.

External Audit

14. Reviewed with the external auditors:-
    - Their annual audit plan and scope of work
    - The results of the audit, the relevant audit reports and Management Letter together with Management's responses/comments to the findings of the external auditors.

15. Approved the non-audit services provided by the external auditors.

16. Evaluated the performance of the external auditors and made recommendations to the Board on their appointment, scope of work, and audit fees.

Directors' Training

17. The training attended by the Committees is reported under the Statement on Corporate Governance in page 200.

INTERNAL AUDIT FUNCTION

The Group has a well established in-house Internal Audit (IA) to assist the Board of Directors to oversee that Management has in place a sound risk management, internal control and governance system. The costs incurred for maintaining the IA function for the year under review was approximately RM28.5 million comprising mainly salaries, travelling and accommodation expenses and subsistence allowances for audit assignments.

The internal audit function is guided by its Audit Charter and reports functionally to the ACB of the Bank and administratively to the President & Chief Executive Officer, and is independent of the activities or operations of other operating units. The principal responsibility of IA is to undertake regular and systematic reviews of the systems of internal control, so as to provide reasonable assurance that such systems continue to operate efficiently and effectively. The scope of coverage of IA encompasses all units and operations of the Bank, including the subsidiaries. The selection of the units to be audited from the audit universe leading to the formulation of the audit plan is premised on a risk based approach

and it is the responsibility of the IA to provide the ACB with an independent and objective report on the state of affairs of the risk management, internal control and governance processes.

The internal audit function for Maybank operations and its subsidiary companies in Malaysia and Papua New Guinea is organised on a Group basis within Maybank. Technical support in the areas of credit risk, market risk, information technology systems and developmental initiatives are centrally driven to ensure consistency of standards and applications. The ACB reviews and approves Maybank IA's human resource requirements to ensure that the function is adequately resourced with competent and proficient internal auditors. The internal audit functions for the respective subsidiary companies in Philippines and Indonesia are organised and supported by the respective resident internal audit teams with direct accountability to the respective Board Audit Committees of these subsidiary companies.

The audit reports which provide the results of the audit conducted in terms of the risk management of the unit, operating effectiveness of internal controls, compliance with internal and regulatory requirements and overall management of the unit, are submitted to the respective ACB for their review. Key control issues, significant risks and recommendations are highlighted, along with Management's responses and action plans for improvement and/or rectification, where applicable. This enables the ACB to execute its oversight function by forming an opinion on the adequacy of measures undertaken by Management.

The International Standards for the Professional Practice of Internal Auditing (SPPIA) of the Institute of Internal Auditors (IIA), the Practice Advisories issued by the IIA, the Guidelines on Internal Audit Functions, Bank Negara Malaysia's Garis Panduan 10 (GP10), Garis Panduan Insurance 13 (GPI 13) and Guidelines on Management of IT Environment (BNM/GPIS1) are used where relevant as authoritative guides for internal auditing procedures.

Summary of Activities

During the financial year 2008/2009, the following activities were carried out by IA:

1. Executed independent assurance role through programmed reviews of units and operations identified on a risk based audit approach in the annual audit plan, to evaluate and improve the effectiveness of risk management, internal control and governance processes.

2. Evaluated the risk exposures of new business products and projects to ensure control procedures are in place to mitigate the risks identified prior to implementation.

3. Ascertained the extent of compliance with established policies and procedures and statutory requirements.

4. Carried out ad hoc assignments and special reviews as instructed by the ACB.

5. Recommended improvements and enhancements to the existing system of internal control and work procedures/processes.

6. Developed annual audit plan premised on a risk based approach and in cognisance with the Group's objectives and policies in the context of its evolving business environment, taking into consideration input from Senior Management and the ACB.

7. Carried out audit investigation into activities or matters as instructed by the ACB and Senior Management.

8. Preparation of Audit Committee Report and Statement on Internal Control for the Company's Annual Report 2008/2009.

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Statement of Directors' Responsibility

In Respect of the Audited Financial Statements

The directors are required by the Companies Act, 1965 and the Bursa Malaysia's Listing Requirements to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Bank at the end of the financial year and of their results and cash flows for the financial year then ended.

In preparing the financial statements, the directors have:

- considered the applicable approved accounting standards in Malaysia
- adopted and consistently applied appropriate accounting policies
- made judgements and estimates that are prudent and reasonable

The directors have the responsibility for ensuring that the Group and the Bank keep accounting records which disclose with reasonable accuracy the financial position of the Group and the Bank which will enable them to ensure that the financial statements comply with the Companies Act, 1965 and the Bursa Malaysia's Listing Requirements.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Bank and to prevent and detect fraud and other irregularities.

Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Bank for the financial year ended 30 June 2009.

PRINCIPAL ACTIVITIES

The Bank is principally engaged in the business of banking and finance.

The subsidiaries are principally engaged in the businesses of banking and finance, Islamic banking, investment banking including stock broking, general and life insurance, general and family takaful, trustee and nominee services, asset management and venture capital.

There were no significant changes in these activities during the financial year.

RESULTS

	Group RM'000	Bank RM'000
Profit before taxation and zakat	**1,674,292**	**383,079**
Tax expense and zakat	**(923,578)**	**(714,244)**
Profit/(loss) for the year	**750,714**	**(331,165)**
Attributable to:		
Equity holders of the Bank	**691,875**	**(331,165)**
Minority interests	**58,839**	**-**
	750,714	**(331,165)**

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the statement of changes in equity.

In the opinion of the directors, the results of the operations of the Group and of the Bank during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than the impact of impairment loss of goodwill arising from acquisition of subsidiaries in Indonesia, impairment loss in subsidiaries and associates, as disclosed in Note 17, 14 and 15 respectively.

DIVIDENDS

The amount of dividends paid by the Bank since 30 June 2008 were as follows:

	RM'000
In respect of the financial year ended 30 June 2008 as reported in the directors' report of that year:	
Final dividend of 20.0% less 26% taxation, on 4,881,123,401 ordinary shares, declared on 27 August 2008 and paid on 21 October 2008	722,410

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 30 June 2009 of 8% less 25% taxation on 7,077,663,368 ordinary shares, amounting to a net dividend payable of RM424,659,802 (6 sen net per ordinary share) will be proposed for the shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the next financial year ending 30 June 2010.

MAYBANK GROUP EMPLOYEE SHARE OPTION SCHEME (ESOS)

The Maybank Group Employee Share Option Scheme (ESOS) is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 11 August 2004. The ESOS was implemented on 26 August 2004 and is in force for a period of 5 years from the date of implementation.

The terms of the ESOS include provision for the participation of non-executive directors. The maximum number of ordinary shares of RM1 each in the Bank available under the ESOS should not exceed 15% of the total number of issued and paid-up capital of the Bank at any point of time during the duration of the scheme. Other principal features of the ESOS are disclosed in Note 27 to the financial statements.

The Bank did not grant any ESOS during the financial year.

ISSUE OF SHARE CAPITAL

During the year, the Bank increased its issued and paid-up capital from RM4,881,123,401 to RM7,077,663,368 via:

(a) issuance of 2,196,516,217 new ordinary shares of RM1 each pursuant to the rights issue on 30 April 2009 at an issue price of RM2.74 per rights issue held on 2 April 2009. The details of the rights issue are disclosed in Notes 27(a) and 51(g); and

(b) issuance of approximately 23,750 new ordinary shares of RM1 each for cash, to eligible persons who exercised their options under the current Maybank Group Employee Share Option Scheme ("ESOS") which commenced on 26 August 2004, for a period of 5 years.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing shares of the Bank.

Directors' Report

DIRECTORS

The directors who served since the date of the last report are:

Tan Sri Mohamed Basir bin Ahmad	(Chairman)
Dato' Sri Abdul Wahid bin Omar	(President and Chief Executive Officer)
Datuk Syed Tamim Ansari bin Syed Mohamed	
Mr Spencer Lee Tien Chye	(appointed with effect from 1 December 2008)
Tan Sri Datuk Dr Hadenan bin A.Jalil	(appointed with effect from 22 July 2009)
Dato' Seri Ismail Shahudin	(appointed with effect from 15 July 2009)
Dato' Dr Tan Tat Wai	(appointed with effect from 15 July 2009)
Encik Zainal Abidin bin Jamal	(appointed with effect from 22 July 2009)
Tuan Haji Mohd Hashir bin Haji Abdullah	(retired with effect from 15 July 2009)
Mr Sreesanthan Eliathamby	(appointed with effect from 26 August 2009)
Dato' Johan Ariffin	(appointed with effect from 26 August 2009)
Mr Cheah Teik Seng	(appointed with effect from 26 August 2009)
Mr Alister Maitland	(appointed with effect from 26 August 2009)
Mr Teh Soon Poh	(retired with effect from 25 September 2008)
Datuk Abdul Rahman bin Mohd Ramli	(resigned with effect from 31 March 2009)
Datuk Zainun Aishah binti Ahmad	(resigned with effect from 22 July 2009)
Tan Sri Dato' Megat Zaharuddin bin Megat Mohd Nor	(resigned with effect from 15 February 2009)
Tan Sri Dato' Sri Chua Hock Chin	(resigned with effect from 15 July 2009)
Dato' Aminuddin Md Desa	(resigned with effect from 21 October 2008)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Bank or its subsidiary was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Bank or any other body corporate, other than as may arise from the share options granted pursuant to the ESOS.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors, or the fixed salary of a full time employee of the Bank as disclosed in Note 35 to the financial statements) by reason of a contract made by the Bank or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and share options of the Bank during the financial year were as follows:

	Number of ordinary shares of RM1 each			
	1.7.2008	Rights Issue	Sold	30.6.2009
Tan Sri Mohamed Basir bin Ahmad	128,750	57,937	-	**186,687**
Tuan Haji Mohd Hashir bin Haji Abdullah	285,875	129,825	-	**415,700**
Mr Spencer Lee Tien Chye	428,125	192,656	(100,000)	**520,781**
Datuk Syed Tamim Ansari bin Syed Mohamed	12,500	5,625	-	**18,125**

		Number of options over ordinary shares of RM1 each			
	Exercise Price RM	1.7.2008	Rights Issue	Exercised	30.6.2009
Tan Sri Mohamed Basir bin Ahmad	10.19	30,000	11,900	-	**41,900**
Tuan Haji Mohd Hashir bin Haji Abdullah	10.19	35,000	13,900	-	**48,900**
Mr Spencer Lee Tien Chye	10.19	22,400	8,900	-	**31,300**

RATING BY EXTERNAL RATING AGENCIES

Details of the Bank's ratings are as follows:

Rating Agency	Date	Rating Classification	Rating Received
Moody's Investors Service	20 July 2009	- Long-term deposits	A1
		- Short-term deposits	P-1
		- Subordinated long-term debts	A3
		- Financial strength rating	C
		- Outlook	Stable
Standard & Poor's	21 December 2008	- Long-term counterparty	A-
		- Short-term counterparty	A-2
		- Subordinated notes	BBB+
		- Bank fundamental strength	B
		- Outlook	Positive
Rating Agency Malaysia Berhad	20 March 2009	- Long-term	AAA
		- Short-term	P1
		- Subordinated bonds	AA1
		- Outlook	Stable
Fitch Ratings	17 March 2009	- Long Term Foreign Currency Issuer Default	A-
		- Subordinated debts	BBB+
		- Outlook	Stable

BUSINESS OUTLOOK

The United States and other developed economies have begun to show signs of stabilising following contraction in real GDP in the first quarter of 2009. The economic recovery is anticipated to pick up towards the end of 2009 and record positive growth in 2010. The Malaysian economy is expected to experience a similar recovery pattern. Together with the upturn in the external sector, the recovery in domestic consumer demand and positive impact of the Government stimulus plan should bode well in lifting the economy back into positive territory in 2010.

BUSINESS OUTLOOK (CONT'D.)

The banking industry in Malaysia is expected to remain resilient despite slower economic growth as banks are supported by strong capitalisation, excess liquidity and healthy asset quality. Loan growth is expected to remain positive, supported by improving domestic demand and higher Government spending. However, the industry will remain very competitive especially with the gradual introduction of liberalisation measures but risk of margin compression and asset quality deterioration is expected to be contained.

Maybank's core commercial banking operations will remain the dominant revenue contributor and is expected to be supported by better performance from the investment banking and insurance divisions. The Group's widespread network, trained sales force, superior branding, and competitive product offerings should enable it to enhance loan growth and capture lower cost deposits while prudent risk management practices and stringent asset quality management should restrain risk of deterioration in asset quality.

The Group will also be focusing on growing its international operations with particular emphasis on PT Bank Internasional Indonesia TbK, which has various initiatives to improve loan growth and fee based income as well as derive synergies to enhance revenue generation.

The initial positive effects of the LEAP30 performance improvement programme is expected to gain traction to deliver further enhancement in the financial and operational performance of the Group, hence strengthening Maybank's core business and franchise.

For financial year 2010, Maybank Group has set its Key Performance Indicators (KPIs) with target revenue growth of 8% and with ROE of 11%.

Against the backdrop of an improving economic environment towards the end of 2009 and into 2010 and in the absence of the impairment charge which was incurred in financial year 2009, the Group expects its financial performance for the current financial year ending 30 June 2010 to improve significantly.

OTHER STATUTORY INFORMATION

(a) Before the balance sheets and income statements of the Group and of the Bank were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

OTHER STATUTORY INFORMATION (CONT'D.)

(b) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Bank which would render:

(i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and the Bank inadequate to any substantial extent; and

(ii) the values attributed to current assets in the financial statements of the Group and of the Bank misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Bank misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Bank which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

(i) any charge on the assets of the Group and of the Bank which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group or of the Bank which has arisen since the end of the financial year other than those arising in the normal course of business of the Group and of the Bank.

(f) In the opinion of the directors:

(i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Bank to meet their obligations as and when they fall due; and

(ii) no item or transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Bank for the financial year in which this report is made.

SIGNIFICANT AND SUBSEQUENT EVENTS

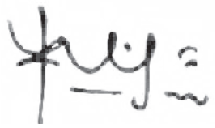
The significant and subsequent events during the financial year are as disclosed in Note 51 to the financial statements.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 25 August 2009.

Mohamed Basir bin Ahmad



Abdul Wahid bin Omar

Kuala Lumpur, Malaysia

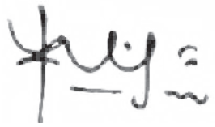
Statement by Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, Mohamed Basir bin Ahmad and Abdul Wahid bin Omar, being two of the directors of Malayan Banking Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 263 to 441 are drawn up in accordance with the provisions of the Companies Act, 1965 and Financial Reporting Standards in Malaysia as modified by Bank Negara Malaysia Guidelines so as to give a true and fair view of the financial position of the Group and of the Bank as at 30 June 2009 and of the results and the cash flows of the Group and of the Bank for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 25 August 2009.

Mohamed Basir bin Ahmad



Abdul Wahid bin Omar

Kuala Lumpur, Malaysia

Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, Khairussaleh bin Ramli, being the officer primarily responsible for the financial management of Malayan Banking Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 263 to 441 are in my opinion correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Khairussaleh bin Ramli
at Kuala Lumpur in the Federal
Territory on 25 August 2009

Khairussaleh bin Ramli

Before me,

Independent Auditors' Report

To the Members of Malayan Banking Berhad (Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Malayan Banking Berhad, which comprise the balance sheets as at 30 June 2009 of the Group and of the Bank, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Bank for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 263 to 441.

Directors' Responsibility for the Financial Statements

The directors of the Bank are responsible for the preparation and fair presentation of these financial statements in accordance with the Companies Act, 1965 and Financial Reporting Standards in Malaysia as modified by Bank Negara Malaysia Guidelines. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with the Companies Act, 1965 and Financial Reporting Standards in Malaysia as modified by Bank Negara Malaysia Guidelines so as to give a true and fair view of the financial position of the Group and of the Bank as at 30 June 2009 and of their financial performances and cash flows for the year then ended.

Independent Auditors' Report

To the Members of Malayan Banking Berhad (Incorporated in Malaysia)

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Bank and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

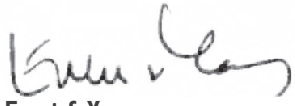
(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 55 to the financial statements, being financial statements that have been included in the consolidated financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Bank are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

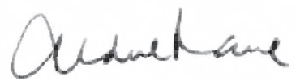
(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and in respect of the subsidiaries incorporated in Malaysia, did not include any comment required to be made under Section 174(3) of the Act.

Other matters

This report is made solely to the members of the Bank, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



Ernst & Young
AF: 0039
Chartered Accountants



Abdul Rauf bin Rashid
No. 2305/05/10(J)
Chartered Accountant

Kuala Lumpur, Malaysia
25 August 2009

Balance Sheets

As at 30 June 2009

	Note	Group		Bank	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
ASSETS					
Cash and short-term funds	5	**23,607,979**	27,644,359	**17,448,312**	24,069,617
Deposits and placements with financial institutions	6	**6,299,175**	8,956,515	**7,563,969**	8,795,492
Securities purchased under resale agreements	7(i)	**346,462**	-	**346,462**	-
Securities portfolio	8	**57,727,128**	36,551,156	**47,020,177**	29,711,540
Loans, advances and financing	9	**185,783,166**	164,614,175	**144,431,798**	138,855,474
Derivative assets	10	**973,685**	830,150	**929,904**	828,182
Other assets	11	**5,249,290**	4,101,178	**3,818,866**	3,176,790
Investment properties	12	**26,578**	3,885	**-**	-
Statutory deposits with Central Banks	13	**4,050,932**	5,872,414	**2,110,143**	4,939,701
Investment in subsidiaries	14	**-**	-	**11,786,293**	6,414,844
Interest in associates	15	**2,630,123**	2,218,847	**343,049**	13,869
Property, plant and equipment	16	**1,395,562**	1,210,833	**1,115,140**	1,062,383
Intangible assets	17	**4,374,010**	189,729	**168,132**	182,455
Deferred tax assets	23	**1,493,132**	1,217,490	**1,194,897**	1,122,138
Life, general takaful and family takaful fund assets	53	**16,781,901**	15,689,969	**-**	-
TOTAL ASSETS		**310,739,123**	269,100,700	**238,277,142**	219,172,485

Balance Sheets

As at 30 June 2009 (cont'd.)

	Note	Group 2009 RM'000	Group 2008 RM'000	Bank 2009 RM'000	Bank 2008 RM'000
LIABILITIES					
Deposits from customers	18	**212,598,589**	187,112,077	**163,452,930**	156,322,564
Deposits and placements of banks and other financial institutions	19	**28,781,863**	23,136,879	**30,121,916**	24,430,070
Obligations on securities sold under repurchase agreements	7(ii)	**-**	322,371	**-**	322,371
Bills and acceptances payable		**1,470,063**	4,792,302	**1,328,279**	4,396,381
Derivative liabilities	10	**1,459,068**	1,055,097	**1,381,860**	1,027,048
Other liabilities	20	**6,986,000**	5,248,563	**3,253,358**	3,919,074
Recourse obligation on loans sold to Cagamas	21	**516,265**	1,274,069	**516,265**	1,274,069
Provision for taxation and zakat	22	**87,743**	435,483	**-**	390,327
Deferred tax liabilities	23	**57,430**	51,862	**-**	-
Borrowings	24	**1,512,310**	1,417,227	**1,512,310**	1,417,227
Subordinated obligations	25	**8,672,373**	4,975,723	**8,152,239**	4,975,723
Capital Securities	26	**6,047,541**	3,497,316	**6,047,541**	3,497,316
Life, general takaful and family takaful fund liabilities	53	**4,529,995**	4,032,822	**-**	-
Life, general takaful and family takaful policy holders' funds	53	**12,251,906**	11,657,147	**-**	-
TOTAL LIABILITIES		**284,971,146**	249,008,938	**215,766,698**	201,972,170
Equity attributable to equity holders of the Bank					
Share capital	27	**7,077,663**	4,881,123	**7,077,663**	4,881,123
Reserves	28	**17,821,083**	14,421,370	**15,432,781**	12,319,192
		24,898,746	19,302,493	**22,510,444**	17,200,315
Minority interests		**869,231**	789,269	**-**	-
		25,767,977	20,091,762	**22,510,444**	17,200,315
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**310,739,123**	269,100,700	**238,277,142**	219,172,485
COMMITMENTS AND CONTINGENCIES	42	**221,586,702**	204,216,762	**201,853,878**	192,079,393

The accompanying notes form an integral part of the financial statements.

Income Statements

For the year ended 30 June 2009

	Note	Group 2009 RM'000	Group 2008 RM'000	Bank 2009 RM'000	Bank 2008 RM'000
Continuing Operations					
Operating revenue	30	**17,586,337**	16,153,942	**13,064,811**	13,092,754
Interest income	31	**11,569,863**	10,755,867	**9,534,332**	10,201,844
Interest expense	32	**(5,650,357)**	(5,329,078)	**(4,528,635)**	(5,012,989)
Net interest income		**5,919,506**	5,426,789	**5,005,697**	5,188,855
Income from Islamic Banking Scheme operations					
Gross operating income		**1,204,888**	966,176	**-**	-
Profit equalisation reserves		**19,433**	(1,570)	**-**	-
	52	**1,224,321**	964,606	**-**	-
		7,143,827	6,391,395	**5,005,697**	5,188,855
Dividends from subsidiaries and associates		**-**	-	**647,448**	10,065
Other operating income		**3,375,190**	3,171,776	**2,057,612**	2,198,547
Total non-interest income	33	**3,375,190**	3,171,776	**2,705,060**	2,208,612
Net income		**10,519,017**	9,563,171	**7,710,757**	7,397,467
Overhead expenses	34	**(5,559,165)**	(4,248,609)	**(3,736,643)**	(3,208,317)
		4,959,852	5,314,562	**3,974,114**	4,189,150
Allowance for losses on loans, advances and financing	36	**(1,698,814)**	(810,061)	**(1,065,839)**	(664,476)
(Impairment losses)/writeback of impairment losses, net	37	**(197,489)**	66,235	**(221,103)**	106,609
Operating profit		**3,063,549**	4,570,736	**2,687,172**	3,631,283
Impairment loss on investment in subsidiaries		**-**	-	**(2,787,917)**	-
Impairment loss on interest in associates		**(353,067)**	-	**-**	(28,884)
Impairment losses on goodwill		**(1,619,518)**	-	**-**	-
Write-back/(allowance) for non-refundable deposit	51(a)	**483,824**	(483,824)	**483,824**	(483,824)
		1,574,788	4,086,912	**383,079**	3,118,575
Share of profits/(losses) of associates		**99,504**	(842)	**-**	-
Profit before taxation and zakat carried forward		**1,674,292**	4,086,070	**383,079**	3,118,575

Income Statements

For the year ended 30 June 2009 (cont'd.)

	Note	Group 2009 RM'000	Group 2008 RM'000	Bank 2009 RM'000	Bank 2008 RM'000
Profit before taxation and zakat brought forward		**1,674,292**	4,086,070	**383,079**	3,118,575
Taxation and zakat	38	**(923,578)**	(1,083,730)	**(714,244)**	(814,610)
Profit/(loss) for the year from continuing operations		**750,714**	3,002,340	**(331,165)**	2,303,965
Discontinued Operation					
Profit for the year from transfer of Islamic Banking operations		**-**	-	**-**	69,187
Profit/(loss) for the year		**750,714**	3,002,340	**(331,165)**	2,373,152
Attributable to:					
Equity holders of the Bank		**691,875**	2,928,202	**(331,165)**	2,373,152
Minority interests		**58,839**	74,138	**-**	-
		750,714	3,002,340	**(331,165)**	2,373,152
Earnings/(loss) per share attributable to equity holders of the Bank [1]					
Basic (sen)	40	**12.0**	53.3	**(5.7)**	43.2
Diluted (sen)	40	**12.0**	53.3	**(5.7)**	43.2

[1] Adjusted for rights issue completed on 30 April 2009 and bonus issue of 1:4 completed on 20 February 2008.

		Bank 2009 sen	Bank 2008 sen
Net dividends per ordinary share held by equity holders of the Bank in respect of financial year			
Paid - First Interim	41	**-**	13.0
Paid - Second Interim	41	**-**	11.1
Proposed - Final	41	**6.0**	14.8

The accompanying notes form an integral part of the financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2009

Group	<-- Non-distributable --> Share Capital RM'000	Share Premium RM'000	Statutory Reserves RM'000	Capital Reserve RM'000	Unrealised Holding Reserve/ (Deficit) RM'000	Exchange Fluctuation Reserve RM'000	Share Option Reserve RM'000	Revaluation Reserve RM'000	Distributable Retained Profits RM'000	Total Shareholders' Equity RM'000	Minority Interests RM'000	Total Equity RM'000
At 1 July 2007	3,889,225	2,935,570	3,921,988	15,250	405,588	(83,994)	61,228	-	8,052,801	19,197,656	670,492	19,868,148
Currency translation differences	-	-	-	-	-	42,242	-	-	-	42,242	(877)	41,365
Effects of acquisition/ disposal of interests from/to minority interests	-	-	-	-	-	-	-	-	-	-	48,500	48,500
Unrealised net loss on revaluation of securities available-for-sale	-	-	-	-	(821,928)	-	-	-	-	(821,928)	(17,935)	(839,863)
Net accretion from decreased interest in subsidiaries	-	-	-	-	-	-	-	-	(14,951)	(14,951)	14,951	-
Net (loss)/gain not recognised in the income statement	-	-	-	-	(821,928)	42,242	-	-	(14,951)	(794,637)	44,639	(749,998)
Net profit for the year	-	-	-	-	-	-	-	-	2,928,202	2,928,202	74,138	3,002,340
Total recognised (expense)/income for the year	-	-	-	-	(821,928)	42,242	-	-	2,913,251	2,133,565	118,777	2,252,342
Transfer to/from statutory reserves	-	-	651,648	-	-	-	-	-	(651,648)	-	-	-
Share-based payment under ESOS (Note 34)	-	-	-	-	-	-	1,841	-	-	1,841	-	1,841
Issue of ordinary shares pursuant to share bonus issue exercise (Note 27)	976,057	(976,057)	-	-	-	-	-	-	-	-	-	-
Issue of ordinary shares pursuant to ESOS (Note 27)	15,841	137,498	-	-	-	-	-	-	-	153,339	-	153,339
Dividends (Note 41)	-	-	-	-	-	-	-	-	(2,183,908)	(2,183,908)	-	(2,183,908)
At 30 June 2008	4,881,123	2,097,011	4,573,636	15,250	(416,340)	(41,752)	63,069	-	8,130,496	19,302,493	789,269	20,091,762

Consolidated Statement of Changes in Equity

For the year ended 30 June 2009 (cont'd.)

Group (cont'd.)	<---------- Non-distributable ---------->											
	Share Capital RM'000	Share Premium RM'000	Statutory Reserves RM'000	Capital Reserve RM'000	Unrealised Holding Reserve/ (Deficit) RM'000	Exchange Fluctuation Reserve RM'000	Share Option Reserve RM'000	Revaluation Reserve RM'000	Distributable Retained Profits RM'000	Total Shareholders' Equity RM'000	Minority Interests RM'000	Total Equity RM'000
At 1 July 2008	4,881,123	2,097,011	4,573,636	15,250	(416,340)	(41,752)	63,069	-	8,130,496	19,302,493	789,269	20,091,762
Currency translation differences	-	-	-	-	-	(625,133)	-	-	-	(625,133)	(2,825)	(627,958)
Effects of acquisition/ disposal of interests from/to minority interests	-	-	-	-	-	-	-	-	(20,116)	(20,116)	34,129	14,013
Share of movement in reserves of associates	-	-	-	-	(22,129)	-	-	-	-	(22,129)	-	(22,129)
Unrealised net gain/ (loss) on revaluation of securities available-for-sale	-	-	-	-	290,081	-	-	-	-	290,081	(8,938)	281,143
Net gain/(loss) not recognised in the income statement	-	-	-	-	267,952	(625,133)	-	-	(20,116)	(377,297)	22,366	(354,931)
Net profit for the year	-	-	-	-	-	-	-	-	691,875	691,875	58,839	750,714
Total recognised (expense)/ income for the year	-	-	-	-	267,952	(625,133)	-	-	671,759	314,578	81,205	395,783
Transfer to/from statutory reserves	-	-	91,347	-	-	-	-	-	(91,347)	-	-	-
Share-based payment under ESOS (Note 34)	-	-	-	-	-	-	122	-	-	122	-	122
Issue of ordinary shares pursuant to rights issue exercise (Note 27)	2,196,516	3,804,527	-	-	-	-	-	-	-	6,001,043	-	6,001,043
Issue of ordinary shares pursuant to ESOS (Note 27)	24	154	-	-	-	-	-	-	-	178	-	178
Revaluation reserve for investment properties (Note 12)	-	-	-	-	-	-	-	2,742	-	2,742	-	2,742
Dividend paid by a subsidiary attributable to minority interest	-	-	-	-	-	-	-	-	-	-	(1,243)	(1,243)
Dividends (Note 41)	-	-	-	-	-	-	-	-	(722,410)	(722,410)	-	(722,410)
At 30 June 2009	7,077,663	5,901,692	4,664,983	15,250	(148,388)	(666,885)	63,191	2,742	7,988,498	24,898,746	869,231	25,767,977

The accompanying notes form an integral part of the financial statements.

Statement of Changes in Equity

For the year ended 30 June 2009

Bank	<---------- Non-distributable ---------->							
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Unrealised Holding Reserve/ (Deficit) RM'000	Exchange Fluctuation Reserve RM'000	Share Option Reserve RM'000	Distributable Retained Profits RM'000	Total Equity RM'000
At 1 July 2007	3,889,225	2,935,570	3,889,770	283,264	8,660	61,228	6,386,121	17,453,838
Currency translation differences	-	-	-	-	86,070	-	-	86,070
Unrealised net loss on revaluation of securities available-for-sale	-	-	-	(684,017)	-	-	-	(684,017)
Net (loss)/gain not recognised in the income statement	-	-	-	(684,017)	86,070	-	-	(597,947)
Net profit for the year	-	-	-	-	-	-	2,373,152	2,373,152
Total recognised (expense)/income for the year	-	-	-	(684,017)	86,070	-	2,373,152	1,775,205
Transfer to/(from) statutory reserve	-	-	594,000	-	-	-	(594,000)	-
Share-based payment under ESOS								
- In respect of the Bank's employees (recognised in profit or loss) (Note 34)	-	-	-	-	-	1,357	-	1,357
- In respect of the subsidiaries' employees:								
• As capital injection (addition to costs of investment in subsidiaries)	-	-	-	-	-	375	-	375
• Payable by certain subsidiaries (as amount due to the Bank)	-	-	-	-	-	109	-	109
Issue of ordinary shares pursuant to share bonus issue exercise (Note 27)	976,057	(976,057)	-	-	-	-	-	-
Issue of ordinary shares pursuant to ESOS (Note 27)	15,841	137,498	-	-	-	-	-	153,339
Dividends (Note 41)	-	-	-	-	-	-	(2,183,908)	(2,183,908)
At 30 June 2008	4,881,123	2,097,011	4,483,770	(400,753)	94,730	63,069	5,981,365	17,200,315

Statement of Changes in Equity

For the year ended 30 June 2009 (cont'd.)

Bank (cont'd.)	<---------- Non-distributable ---------->							
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Unrealised Holding Reserve/ (Deficit) RM'000	Exchange Fluctuation Reserve RM'000	Share Option Reserve RM'000	Distributable Retained Profits RM'000	Total Equity RM'000
At 1 July 2008	**4,881,123**	**2,097,011**	**4,483,770**	**(400,753)**	**94,730**	**63,069**	**5,981,365**	**17,200,315**
Currency translation differences	-	-	-	-	45,041	-	-	45,041
Unrealised net gain on revaluation of securities available-for-sale	-	-	-	317,320	-	-	-	317,320
Net gain not recognised in the income statement	-	-	-	317,320	45,041	-	-	362,361
Net loss for the year	-	-	-	-	-	-	(331,165)	(331,165)
Total recognised (expense)/income for the year	-	-	-	317,320	45,041	-	(331,165)	31,196
Transfer to/(from) statutory reserve	-	-	-	-	-	-	-	-
Share-based payment under ESOS								
- In respect of the Bank's employees (recognised in profit or loss) (Note 34)	-	-	-	-	-	88	-	88
- In respect of the subsidiaries' employees:								
• As capital injection (addition to costs of investment in subsidiaries)	-	-	-	-	-	27	-	27
• Payable by certain subsidiaries (as amount due to the Bank)	-	-	-	-	-	7	-	7
Issue of ordinary shares pursuant to rights issue exercise	2,196,516	3,804,527	-	-	-	-	-	6,001,043
Issue of ordinary shares pursuant to ESOS (Note 27)	24	154	-	-	-	-	-	178
Dividends (Note 41)	-	-	-	-	-	-	(722,410)	(722,410)
At 30 June 2009	**7,077,663**	**5,901,692**	**4,483,770**	**(83,433)**	**139,771**	**63,191**	**4,927,790**	**22,510,444**

The accompanying notes form an integral part of the financial statements.

Cash Flow Statements

For the year ended 30 June 2009

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation from:				
Continuing operations	**1,674,292**	4,086,070	**383,079**	3,118,575
Discontinued operation	**-**	-	**-**	102,882
Adjustments for:				
Share of (profits)/losses of associates	**(99,504)**	842	**-**	-
Depreciation	**146,167**	134,281	**103,312**	115,668
Amortisation of prepaid land lease payment	**1,746**	1,648	**1,227**	1,211
Amortisation of computer software	**58,884**	48,046	**44,437**	42,532
Amortisation of Core Deposit Intangibles	**71,737**	-	**-**	-
Gain on disposal of property, plant and equipment	**(16,585)**	(14,608)	**(8,238)**	(10,020)
Gain on disposal of foreclosed properties	**(13,285)**	(1,464)	**-**	-
Net loss/(gain) on disposal of held-for-trading securities	**27,505**	37,087	**(18,705)**	26,502
Net gain on disposal of available-for-sale securities	**(141,743)**	(190,535)	**(133,263)**	(125,343)
Net (gain)/loss on redemption of held-to-maturity securities	**(750)**	57	**(612)**	273
Loss on disposal of associates	**-**	300	**-**	1,800
Gain on disposal of subsidiaries	**-**	-	**-**	(5,487)
Amortisation of premiums less accretion of discounts, net	**(2,738)**	28,784	**(24,928)**	(1,697)
Unrealised loss on revaluation of securities held-for-trading and derivatives	**171,880**	200,434	**206,122**	167,983
Impairment/(write back) of losses on securities, net	**197,441**	(67,082)	**221,103**	(106,609)
Impairment losses on goodwill	**1,619,518**	-	**-**	-
Impairment losses on				
- investment in subsidiaries	**-**	-	**2,787,917**	-
- interest in associates	**353,067**	-	**-**	28,884
Carried forward	**4,047,632**	4,263,860	**3,561,451**	3,357,154

Cash Flow Statements

For the year ended 30 June 2009 (cont'd.)

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D.)				
Brought forward	**4,047,632**	4,263,860	**3,561,451**	3,357,154
Loan and financing loss and allowances	**1,936,222**	1,343,567	**1,148,867**	1,158,502
Allowance/(write back) for other debts	**280,523**	(1,421)	**283,380**	5,653
Interest income clawed back/suspended	**49,159**	48,300	**49,159**	48,300
Amortisation of transaction cost in relation to issuance of Stapled Capital Securities	**842**	2	**842**	2
(Write back)/allowance for non-refundable deposit	**(483,824)**	483,824	**(483,824)**	483,824
(Write back)/impairment of prepaid land lease payment	**(184)**	184	**-**	-
Prepaid land lease payment written off	**8,625**	-	**-**	-
Dividend income	**(29,972)**	(40,495)	**(662,229)**	(28,220)
Share options granted under ESOS	**122**	1,841	**88**	1,357
Property, plant and equipment written off	**18,482**	3,058	**192**	228
Computer software written off	**-**	529	**-**	-
Impairment of property, plant and equipment	**232**	134	**-**	-
Profit equalisation reserves	**(19,433)**	1,570	**-**	10,225
Transfer of life, general takaful and family takaful fund surplus	**(213,696)**	(167,977)	**-**	-
Operating profit before working capital changes carried forward	**5,594,730**	5,936,976	**3,897,926**	5,037,025

Cash Flow Statements

For the year ended 30 June 2009 (cont'd.)

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D.)				
Operating profit before working capital changes brought forward	**5,594,730**	5,936,976	**3,897,926**	5,037,025
Change in securities purchased under resale agreements	**(346,462)**	258,772	**(346,462)**	258,772
Change in deposits and placements with banks and other financial institutions	**2,657,340**	8,391,906	**1,231,524**	6,764,302
Change in securities portfolio	**(17,720,522)**	(3,789,048)	**(16,921,925)**	(5,055,078)
Change in loans, advances and financing	**(10,237,466)**	(25,503,864)	**(6,774,350)**	(21,801,068)
Change in other assets	**2,367,523**	(1,041,760)	**53,960**	(1,320,294)
Change in statutory deposits with Central Banks	**1,821,482**	(220,181)	**2,829,558**	(101,364)
Change in deposits from customers	**10,561,648**	23,435,315	**7,130,366**	22,466,951
Change in deposits and placements of banks and other financial institutions	**5,276,157**	(4,980,584)	**5,691,846**	(5,323,439)
Change in obligations on securities sold under repurchase agreements	**(322,371)**	(9,634,694)	**(322,371)**	(10,167,484)
Change in bills and acceptances payable	**(3,322,239)**	1,862,232	**(3,068,102)**	2,001,167
Change in other liabilities	**(906,539)**	157,276	**(674,227)**	3,428,507
Change in life, general takaful and family takaful fund assets	**(878,236)**	(484,132)	**-**	-
Change in life, general takaful and family takaful fund liabilities and policy holders' funds	**1,091,932**	652,110	**-**	-
Exchange fluctuation	**(1,582,830)**	1,344,621	**(935,544)**	1,343,072
Cash used in operations	**(5,945,853)**	(3,615,055)	**(8,207,801)**	(2,468,931)
Taxes and zakat paid	**(1,429,820)**	(1,632,714)	**(1,272,735)**	(1,320,281)
Net cash used in operating activities	**(7,375,673)**	(5,247,769)	**(9,480,536)**	(3,789,212)

Cash Flow Statements

For the year ended 30 June 2009 (cont'd.)

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	**(235,270)**	(205,451)	**(168,608)**	(190,397)
Purchase of intangible assets	**(33,282)**	(38,383)	**(23,814)**	(33,676)
Subscription to additional ordinary shares in new and existing subsidiaries	**-**	-	**(1,203,965)**	(3,776,796)
Acquisition of subsidiaries	**(6,868,422)**	-	**(7,419,091)**	-
Capital injection in subsidiaries	**-**	-	**-**	(48,211)
Purchase of redeemable preference shares in associates	**(1,720)**	(2,000)	**(1,720)**	(2,000)
Acquisition of associates	**(976,038)**	(2,174,564)	**(327,460)**	-
Proceeds from disposal of subsidiaries	**-**	-	**-**	14,150
Redemption of preference shares in a subsidiary	**-**	-	**-**	157,500
Proceeds from disposal of property, plant and equipment	**27,506**	21,835	**16,014**	19,586
Dividends received	**29,972**	40,495	**662,229**	28,220
Net assets transferred to subsidiary, pursuant to transfer of Islamic Banking operations	**-**	-	**-**	1,477,807
Net cash used in investing activities	**(8,057,254)**	(2,358,068)	**(8,466,415)**	(2,353,817)

Cash Flow Statements

For the year ended 30 June 2009 (cont'd.)

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of shares	**6,011,167**	201,838	**6,001,221**	153,339
Drawdown of borrowings	**95,083**	-	**95,083**	-
Redemption of subordinated obligations	**-**	(1,312,710)	**-**	(1,312,710)
Proceeds from issuance of Stapled Capital Securities	**-**	3,500,000	**-**	3,500,000
Proceeds from issuance of Innovative Tier 1 Capital Securities (SGD)	**1,458,960**	-	**1,458,960**	-
Proceeds from issuance of Innovative Tier 1 Capital Securities (RM)	**1,100,000**	-	**1,100,000**	-
Proceeds from issuance of Tier 2 Capital Subordinated Term Loan	**3,100,000**	-	**3,100,000**	-
Loans sold to Cagamas, net	**(757,804)**	(1,181,693)	**(757,804)**	(1,181,693)
Dividends paid	**(722,410)**	(2,183,908)	**(722,410)**	(2,183,908)
Net cash generated from/(used in) financing activities	**10,284,996**	(976,473)	**10,275,050**	(1,024,972)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(5,147,931)**	(8,582,310)	**(7,671,901)**	(7,168,001)
Cash and cash equivalents at beginning of year *	**28,755,910**	36,226,669	**25,120,213**	31,237,618
Cash and cash equivalents at end of year	**23,607,979**	27,644,359	**17,448,312**	24,069,617
* Cash and cash equivalents at beginning of year:				
- As previously reported	**27,644,359**	37,597,422	**24,069,617**	32,567,349
- Effects of foreign exchange rate changes	**1,111,551**	(1,370,753)	**1,050,596**	(1,329,731)
	28,755,910	36,226,669	**25,120,213**	31,237,618

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements

As at 30 June 2009

1. CORPORATE INFORMATION

The Bank is principally engaged in the business of banking and finance in all its aspects.

The subsidiaries are principally engaged in the businesses of banking and finance, Islamic banking, investment banking including stock broking, general and life insurance, general and family takaful, trustee and nominee services, asset management and venture capital.

There were no significant changes in these activities during the financial year.

The Bank is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad. The registered office of the Bank is located at 14th Floor, Menara Maybank, 100, Jalan Tun Perak, 50050 Kuala Lumpur.

These financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 August 2009.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Bank have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards ("FRSs") in Malaysia as modified by Bank Negara Malaysia ("BNM") Guidelines.

The financial statements are presented in Ringgit Malaysia ("RM") and rounded to the nearest thousand (RM'000), unless otherwise stated.

3. SIGNIFICANT ACCOUNTING POLICIES

(i) Basis of accounting

The financial statements of the Group and of the Bank have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below.

(ii) Changes in accounting policies and effects arising from adoption of new and revised FRS, amendments to FRS and interpretations

The accounting policies and methods of computation applied by the Group and the Bank are consistent with those adopted in the previous years.

On 20 October 2008, BNM has issued a circular setting out the limited circumstances in which banking institutions are allowed to reclassify financial instruments currently held in the security held-for-trading portfolios. The concession is only effective for the period from 1 July 2008 to 31 December 2009. As at 30 June 2009, the Group has transferred RM78.1 million of its securities held-for-trading portfolio to security held-for-maturity portfolio. The transfer was made at its market value. This reclassification is disclosed in Note 8(iv)(d).

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(iii) Subsidiaries and basis of consolidation

(a) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Bank's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(xxx) below. On disposal of such investments, the difference between the net disposal proceeds and their carrying amounts is included in profit or loss.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Bank.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(iv) Associates

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes.

In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associates, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting polices are adopted for like transactions and events in similar circumstances.

In the Bank's separate financial statements, investments in associates are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(xxx) below.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(v) Intangible assets

(a) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(b) Other intangible assets

Other intangible assets include core deposits and computer software. Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each balance sheet date.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

Intangible assets are amortised over their finite useful lives as follows:

Computer softwares	3 - 5 years
Core Deposit Intangibles	8 years

(vi) Securities portfolio

The holdings of the securities portfolio of the Group and the Bank are recognised based on the following categories and measurement methods:

(a) Securities held-for-trading

Securities are classified as held-for-trading if they are acquired principally for the purpose of benefiting from actual or expected short-term price movement or to lock in arbitrage profits. The securities held-for-trading are measured at fair value and any gain or loss arising from a change in their values and derecognition of these securities are recognised in the income statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(vi) Securities portfolio (cont'd.)

(b) Securities held-to-maturity

Securities held-to-maturity are financial assets with fixed or determinable payments and fixed maturity that the Group and Bank have the positive intent and ability to hold to maturity.

Securities held-to-maturity are measured at accreted/amortised cost based on the effective yield method. Amortisation of premium, accretion of discount and impairment as well as gain or loss arising from derecognition of securities held-to-maturity are recognised in the income statement.

(c) Securities available-for-sale

Securities available-for-sale are financial assets that are not classified as held-for-trading or held-to-maturity. The securities available-for-sale are measured at fair value, or at cost (less impairment losses) if the fair value cannot be reliably measured. The return and cost of the securities available-for-sale are credited and charged to the income statement using accreted/amortised cost based on the effective yield method. Any gain or loss arising from a change in fair value after applying the accreted/amortised cost method are recognised directly in equity through the statement of changes in equity, until the financial asset is sold, collected, disposed of or impaired, at which time the cumulative gain or loss previously recognised in equity will be transferred to the income statement.

(d) Impairment of securities portfolio

The Group and the Bank assesses at each balance sheet date whether there is any objective evidence that a security or group of securities (other than securities held-for-trading) is impaired.

(i) Securities held-to-maturity

For securities carried at amortised cost in which there are objective evidence of impairment, impairment loss is measured as the difference between the securities' carrying amount and the present value of the estimated future cash flows discounted at the securities' original effective interest rate. The amount of the impairment loss is recognised in the income statement.

Subsequent reversals in the impairment loss is recognised when the decrease can be objectively related to an event occurring after the impairment was recognised, to the extent that the securities' carrying amount does not exceed its amortised cost if no impairment had been recognised. The reversal is recognised in the income statement.

For securities carried at cost, impairment loss is measured as the difference between the securities' carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for similar securities. The amount of impairment loss is recognised in the income statement and such impairment losses are not reversed subsequent to its recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(vi) Securities portfolio (cont'd.)

(d) Impairment of securities portfolio (cont'd.)

(ii) Securities available-for-sale

For securities available-for-sale in which there are objective evidence of impairment, the cumulative impairment loss that had been recognised directly in equity shall be transferred from equity to the income statement, even though the securities have not been derecognised. The cumulative impairment loss is measured as the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in the income statement.

Impairment losses on investments in equity instruments classified as available-for-sale recognised are not reversed subsequent to its recognition. Reversals of impairment losses on debt instruments classified as available-for-sale are recognised in the income statement if the increase in fair value can be objectively related to an event occurring after the recognition of the impairment loss in the income statement.

(vii) Allowance for doubtful debts

Specific allowances are made for doubtful debts which have been individually reviewed and specifically identified as bad and doubtful. Additional allowances are made for long outstanding non-performing loans aged more than five years.

In addition, a general allowance based on a certain percentage of total risk-weighted assets for credit risk, which takes into account all balance sheet items and their perceived credit risk levels, is maintained.

The allowance for doubtful debts and financing of the Group and the Bank are computed based on the requirements of BNM/GP3, which is consistent with the adoption made in the previous audited annual financial statements.

(viii) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses, in accordance with Note 3(xxx).

Freehold land has an unlimited useful life and therefore is not depreciated. Buildings-in-progress are also not depreciated as these assets are not available for use. Leasehold land is depreciated over the period of the respective leases which ranges from 30 to 999 years. The remaining period of respective leases ranges from 8 to 982 years.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(viii) Property, plant and equipment and depreciation (cont'd.)

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset over its estimated useful life at the following annual rates:

Buildings on freehold land	Over 50 years
Buildings on leasehold land	50 years or remaining life of the lease, whichever is shorter
Office furniture, fittings, equipment and renovations	10% - 25%
Computers and peripherals	14% - 25%
Electrical and security equipment	8% - 25%
Motor vehicles	20% - 25%

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

(ix) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(ix) Investment properties (cont'd.)

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rental or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

Where investment properties are transferred from self-occupied properties, any gains arising from the change in the fair value of those investment properties are credited directly to equity in revaluation surplus. Any losses arising from the change in fair value are recognised in the income statement, to the extent that the losses offset any earlier gains already recognised in the revaluation surplus.

(x) Other assets

Other receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(xi) Repurchase agreements

Securities purchased under resale agreements are securities which the Group and the Bank had purchased with a commitment to resell at future dates. The commitments to resell the securities are reflected as an asset on the balance sheet.

Conversely, obligations on securities sold under repurchase agreements are securities which the Group and the Bank had sold from its portfolio, with a commitment to repurchase at future dates. Such financing transactions and corresponding obligations to purchase the securities are reflected as a liability on the balance sheet.

(xii) Bills and acceptances payable

Bills and acceptances payable represent the Group's and the Bank's own bills and acceptances rediscounted and outstanding in the market.

(xiii) Provisions for liabilities

Provisions for liabilities are recognised when the Group and the Bank have a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of the provision is the present value of the expenditure expected to be required to settle the obligation.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(xiv) Liabilities

Deposits from customers, deposits and placements of banks and financial institutions are stated at placement values. Other liabilities are stated at cost which is the fair value of the consideration expected to be paid in the future for goods and services received.

(xv) Profit equalisation reserves ("PER") on IBS operations

PER is the amount provided in order to maintain a certain level of return for deposits in conformity with Bank Negara Malaysia's "The Framework of the Rate of Return". The PER is deducted at a rate which does not exceed the maximum amount of the total of 15% of monthly gross income, monthly net trading income, other income and irregular income. PER is maintained up to the maximum of 30% of total Islamic banking capital fund.

(xvi) Income tax

Income tax on the profit or loss for the year comprises current and deferred taxes. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(xvii) Leases

(a) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leased that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions:

- Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (Note 3(xvii)(b)); and

- Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of the building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

(b) Finance Lease – the Group as Lessee

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practical to determine; otherwise, the Bank's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 3(viii).

(c) Operating Lease – the Group as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and building element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(xvii) Leases (cont'd.)

(d) Operating Lease – the Group as Lessor

Assets leased out under operating leases are presented on the balance sheets according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease (Note 3(viii)). Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(xviii) Life Fund

The Life fund consists of long-term liabilities to policyholders, determined by an annual actuarial valuation, as well as accumulated surplus. The distributable surplus is transferable from the Life fund to the income statement based on the surplus determined by the actuarial valuation.

(xix) Takaful Funds

The Group's Takaful funds are operated under the Mudharabah and Wakalah models and are maintained in accordance with the requirements of the Takaful Act, 1984 and comply with the principles of Shariah.

(a) Family Takaful Fund

The Family Takaful fund consists of the amounts attributable to participants as determined by the annual actuarial valuation and accumulated surplus attributable to participants. Surplus distributable to participants is distributed in accordance with the terms and conditions prescribed by the Shariah Committee of the respective Takaful operators.

(b) General Takaful Fund

The General Takaful fund consists of unearned contribution reserves and accumulated surplus attributable to participants. Surplus distributable to participants is distributed in accordance with the terms and conditions prescribed by the Shariah Committee of the respective Takaful operators.

(xx) Unearned premium reserves and unearned contribution reserves

Unearned Premium Reserves ("UPR") and Unearned Contribution Reserves ("UCR") represent the portion of the net premiums and contribution of insurance policies and takaful certificates written that relate to the unexpired periods of policies and certificates at the end of the financial year. In determining the UPR and UCR at the balance sheet date, the method that most accurately reflect the actual unearned premium is used as follows:

– 25% method for marine cargo and aviation cargo, and transit business.

– $1/24^{th}$ method for other classes of Malaysian general policies and $1/365^{th}$ method for all classes of general takaful within Malaysia, reduced by the corresponding percentage of accounted gross direct business commissions and agency-related expenses not exceeding limits specified by Bank Negara Malaysia as follows:

Motor	10%
Fire, engineering, aviation and marine hull	15%
Medical health	
- Standalone individuals	15%
- Group of 3 or more	10%

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(xx) Unearned premium reserves and unearned contribution reserves (cont'd.)

Workmen compensation and employers' liability	
- Foreign workers	10%
- Others	25%
Other classes	20%

– 1/8th method for all classes of overseas inward treaty business with a deduction of 20% for commissions.
– Bond policies and non-annual certificates are time-apportioned over the periods of the risks.

(xxi) Provision for outstanding claims

For general insurance and general takaful businesses, a liability for outstanding claims is recognised in respect of both direct insurance and inward reinsurance. The amount of outstanding claims is the best estimate of the expenditure required together with related expenses less recoveries to settle the present obligation at the balance sheet date. Provision is also made for the cost of claims together with related expenses incurred but not reported ("IBNR") at balance sheet date based on an actuarial valuation by a qualified actuary, based on a mathematical method of estimation based on actual claims development pattern.

For life assurance and family takaful businesses, claims and settlement costs that are incurred during the financial period are recognised when a claimable event occurs and/or the insurer is notified.

Claims and provisions for claims arising on life insurance and family takaful policies, including settlement costs, are accounted for using the case basis method and for this purpose, the benefits payable under a life insurance policy are recognised as follows:

(i) maturity or other policy benefit payments due on specified dates are treated as claims payable on the due dates;
(ii) death, surrender and other benefits without due dates are treated as claims payable, on the date of receipt of intimation of death of the assured or occurrence of the contingency covered.

(xxii) Borrowings

Interest-bearing borrowings are recognised initially at the fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between proceeds net of transaction costs and the redemption value being recognised in the income statement over the period of the borrowings on an effective interest method.

(xxiii) Interest and financing income recognition

Interest income is recognised on an accrual basis based on effective interest method. Interest income includes the amortisation of premiums or accretion of discounts.

Interest income on overdrafts, term loans and housing loans is accounted for on an accrual basis by reference to the rest periods as stipulated in the loan agreements, which are either daily or monthly. Interest income from hire purchase, instalment sale financing, block discounting and leasing transactions is accounted for on the "sum-of-the-digits" method, whereby the income recognised for each month is obtained by multiplying the total income by a fraction whose numerator is the digit representing the remaining number of months and whose denominator is the sum of the digits representing the total number of months.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(xxiii) Interest and financing income recognition (cont'd.)

Where an account has turned non-performing, interest accrued previously but has not been received is reversed out of income, and set-off against the accrued interest receivable in the balance sheet with retroactive adjustment made to the date of first default. Thereafter, interest on these accounts are recognised on a cash basis until such time as the accounts are no longer classified as non-performing. Customers' accounts are deemed to be non-performing where repayments are in arrears for more than three months and one month after maturity date for trade bills, bankers' acceptances and trust receipts. Credit card holders are deemed non-performing where repayments are in arrears for more than three months from first day of default.

Income from the Islamic Banking Scheme ("IBS") business is recognised on accrual basis in compliance with Bank Negara Malaysia Guidelines.

Handling fees paid to motor vehicle dealers for hire purchase loans are amortised in the income statement over the tenor of the loan in accordance with Bank Negara Malaysia Circular on Handling Fees dated 16 October 2006 and is set off against interest income recognised on the hire purchase loans.

(xxiv) Fee and other income recognition

Loan arrangement, management and participation fees, factoring commissions, underwriting commissions, brokerage fees and guarantee fees are recognised as income based on accrual on time apportionment method. Fees from advisory and corporate finance activities are recognised net of service taxes and discounts on completion of each stage of the assignment.

Dividend income is recognised when the shareholder's right to receive payment is established.

Premiums and contributions from general insurance and general takaful businesses, respectively, are recognised as income in a financial period in respect of risks assumed during that particular financial period. Inward treaty reinsurance premiums are recognised on the basis of periodic advices received from ceding insurers.

Premiums and contributions for life assurance and family takaful businesses, respectively, are recognised as income on assumption of risks and subsequent premiums are recognised on due dates. Premiums outstanding at balance sheet date are recognised as income for the period provided they are still within the grace period allowed for payment. Contribution income on long term policies is recognised as earned based on the time-apportionment method.

Gross contributions for takaful business are accounted for on accrual basis in accordance with the Principles of Shariah as advised by Mayban Takaful Berhad's Shariah Committee. Unrealised income is deferred and receipts in advance are treated as liabilities in the balance sheet.

Rollover fees on margin accounts and management fees from asset management are recognised on accrual basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(xxv) Interest, financing and related expense recognition

Interest expense and attributable profit (on activities relating to IBS business) on deposits and borrowings of the Group and the Bank are expensed as incurred.

(xxvi) Employee benefits

(a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Bank. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Certain foreign branches of the Bank and subsidiaries make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the income statement when incurred.

(c) Share-based compensation

The Maybank Group's Employee Share Options Scheme ("ESOS") is an equity-settled share-based compensation plan that allows the Group's Directors and employees to acquire shares of the Bank. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve.

The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(xxvii) Foreign currencies

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Bank's functional and presentation currency.

(b) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operations, are recognised in profit or loss for the period. Exchange differences arising on monetary items that form part of the Bank's net investment in foreign operations, regardless of the currency of the monetary item, are recognised in profit or loss in the Bank's separate financial statements or the individual financial statements of the foreign operations, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(c) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;
- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(xxvii) Foreign currencies (cont'd.)

(c) Foreign operations (cont'd.)

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent entity and are recorded in RM at the rates prevailing at the date of acquisition.

(xxviii) Derivative instruments

Derivative instruments are initially recognised at fair value, which is normally zero or negligible at inception and subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques that include discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of any derivatives that do not qualify for hedge accounting are recognised immediately in the income statement.

The gain or loss for derivatives that qualify for hedge accounting is recognised as follows:

(a) Fair value hedge

Where a derivative financial instrument hedges the changes in fair value of a recognised asset or liability, any gain or loss on the hedging instrument is recognised in the income statement. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in the income statement.

(b) Cash flow hedge

Gains and losses on the hedging instrument, to the extent that the hedge is effective, are deferred in a separate component of equity. The ineffective part of any gain or loss is recognised in the income statement. The deferred gains and losses are then released to the income statement in the periods when the hedged item affects the income statement.

(xxix) Cash and cash equivalents

For the purpose of the cash flow statements, cash and cash equivalents include cash and bank balances and short-term funds with remaining maturity of less than one month.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(xxx) Impairment of assets

The carrying amounts of assets, other than securities portfolio, goodwill, intangible assets with indefinite useful life, investment property and deferred tax, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(xxxi) Non-current assets held for sale and discontinued operation

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non-current assets is brought up-to-date in accordance with applicable FRSs. Then, on initial classification as held for sale, non-current assets (other than the investment properties, deferred tax assets, employees benefits assets, financial assets and inventories) are measured in accordance with FRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

A component of the Bank is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed off and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated major line of business or geographical area of operations or a subsidiary acquired exclusively with a view to resale.

(xxxii) Standards and interpretations issued but not yet effective

At the date of authorisation of these financial statements, the following new FRSs, amendments to FRS and Interpretations have been issued but are not yet effective and have not been adopted by the Group and the Bank:

	FRS, Amendments to FRS and Interpretations	**Effective for financial periods beginning on or after**
(i)	FRS 4: Insurance Contracts	1 January 2010
(ii)	FRS 7: Financial Instruments-Disclosures	1 January 2010
(iii)	FRS 8: Operating Segments	1 July 2009
(iv)	FRS 139: Financial Instruments - Recognition and Measurement	1 January 2010
(v)	FRS 123: Borrowing Costs	1 January 2010
(vi)	Amendments to FRS 2 Share-based Payment - Vesting Conditions and Cancellations	1 January 2010
(vii)	Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
(viii)	IC Interpretation 9: Reassessment of Embedded Derivatives	1 January 2010
(ix)	IC Interpretation 10: Interim Financial Reporting and Impairment	1 January 2010
(x)	IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions	1 January 2010
(xi)	IC Interpretation 13: Customer Loyalty Programmes	1 January 2010
(xii)	IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(xxxii) Standards and interpretations issued but not yet effective (cont'd.)

The above FRSs and IC Interpretations will take effect from financial periods beginning on or after 1 January 2010 except for FRS 8 which will be effective for financial periods beginning on or after 1 July 2009.

The impact of applying FRS 4, 7 and 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemptions given in the respective FRSs.

FRS 8, FRS 123, Amendments to FRS 1 and 2, IC Interpretation 9, 10, 11, 13 and 14 are not expected to have significant impact on the financial statements of the Group and the Bank.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. Critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving higher degree of judgement and complexity, are as follows:

(i) Fair value estimation of securities held-for-trading (Note 8(i)), securities available-for-sale (Note 8(ii)) and derivative financial instruments (Note 10)

The fair value of securities and derivatives that are not traded in an active market are determined using valuation techniques based on assumptions of market conditions existing at the balance sheet date, including reference to quoted market prices and independent dealer quotes for similar securities and discounted cash flow method.

(ii) Valuation of investment properties (Note 12)

The measurement of the fair value for investment properties is arrived at by reference to market evidence of transaction prices for similar properties and is performed by independent professional valuers.

(iii) Impairment of goodwill (Note 17)

The Group tests annually whether the goodwill that has an indefinite life has suffered any impairment by measuring the recoverable amount of the goodwill based on the value-in-use method, which requires the use of estimates of cash flow projections, growth rates and discount rates. Changes to the assumptions used by management, particularly the discount rate and the terminal value, may affect the results of the impairment assessment.

The details are disclosed in Note 17.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

(iv) Impairment of other intangible assets (Note 17)

The Group's and the Bank's intangible assets that can be separated and sold and have a finite useful life are amortised over their estimated useful life.

The determination of the estimated useful life of these intangible assets requires the Bank's management to analyse the circumstances, the industry and market practice and also to use judgement. At each balance sheet date, or more frequently when events or changes in circumstances dictate, intangible assets are assessed for indications of impairment. If indications are present, these assets are subject to an impairment review. The impairment review comprises a comparison of the carrying amount of the assets with its recoverable amount.

(v) Liabilities of insurance business (Note 20)

The actuarial estimate of future contingent policy liabilities is computed in accordance with the standards and bases prescribed under the Insurance Act and Regulations, and uses a level net premium methodology with allowances for acquisition costs through the application of zilmer or full preliminary term adjustments, whichever produces higher reserves.

For general claims, reserve is made upon notification of a new claim where the potential liability will be assessed based on information available. Where little or no information is available, a "blind" reserve will be used. The blind reserves are based on class of business and are reviewed annually in line with Bank Negara Malaysia guidelines. As and when more information becomes available regarding a claim, the reserve is amended accordingly.

(vi) Deferred tax (Note 23) and income taxes (Note 38)

The Group and the Bank are subject to income taxes in many jurisdictions and significant judgement is required in estimating the provision for income taxes. There are many transactions and interpretations of tax law for which the final outcome will not be established until some time later. Liabilities for taxation are recognised based on estimates of whether additional taxes will be payable. The estimation process includes seeking expert advice where appropriate. Where the final liability for taxation is different from the amounts that were initially recorded, the differences will affect the income tax and deferred tax provisions in the period in which the estimate is revised or the final liability is established.

(vii) Allowances for bad and doubtful debts (Note 9(vii) and Note 36)

The Group and the Bank review the doubtful loans, advances and financing at each reporting date to assess whether allowances for impairment should be recorded in the financial statements. In particular, judgement is required in the identification of doubtful loans, and the estimation of realisable amount from the doubtful loans when determining the level of allowance required.

The Group and the Bank have adopted certain criteria in the identification of doubtful loans, which include classifying loans as non-performing when repayments are in arrears for more than three (3) months. Specific allowances for doubtful loans are provided after taking into consideration of the values assigned to collateral. The values assigned to collateral are estimated based on market value and/or forced sales value, as appropriate and conforms with BNM guidelines. In addition to the specific allowances made, the Group and the Bank also make general allowance against exposure not specifically identified based on a certain percentage of total risk-weighted assets for credit risk. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

(viii) Impairment of investment in subsidiaries (Note 14) and interests in associates (Note 15)

The Group and the Bank assess whether there is any indication that an investment in subsidiaries and interest in associates may be impaired at each balance sheet date.

If indicators are present, these assets are subject to an impairment review. The impairment review comprises a comparison of the carrying amount of the investment and the investment's estimated recoverable amount.

Judgements made by management in the process of applying the Group and Bank's accounting policies in respect of investment in subsidiaries and interest in associates are as follows:

(i) The Bank determines whether its investments are impaired following certain indications of impairment such as, amongst others, prolonged shortfall between market value and carrying amount, significant changes with adverse effects on the investment and deteriorating financial performance of the investment due to observed changes and fundamentals.

(ii) Depending on their nature and the industries in which the investments relate to, judgements are made by management to select suitable methods of valuation such as, amongst others, discounted cash flow, realisable net asset value and sector average price-earning ratio methods.

Once a suitable method of valuation is selected, management makes certain assumptions concerning the future to estimate the recoverable amount of the investment. These assumptions and other key sources of estimation uncertainty at the balance sheet date, may have a significant risk of causing a material adjustment to the carrying amounts of the investments within the next financial year. Depending on the specific individual investment, assumptions made by management may include, amongst others, assumptions on expected future cash flows, revenue growth, discount rate used for purposes of discounting future cash flows which incorporates the relevant risks, and expected future outcome of certain past events.

The details are disclosed in Note 14 and Note 15.

Sensitivity to changes in assumptions

Management believes that no reasonably expected possible change in the key assumptions described above would cause the carrying amounts of the investments to materially exceed their recoverable amounts.

5. CASH AND SHORT-TERM FUNDS

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash, balances and deposits with banks and other financial institutions	**23,525,521**	27,444,984	**17,446,195**	24,047,978
Money at call	**82,458**	199,375	**2,117**	21,639
	23,607,979	27,644,359	**17,448,312**	24,069,617

Included in cash and short-term funds of the Group are monies held in trust of RM108,495,259 (2008: RM127,643,000) in respect of the stockbroking business.

6. DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Licensed banks	**4,958,051**	7,778,478	**6,248,449**	8,124,261
Bank Negara Malaysia	**665,948**	955,967	**640,344**	449,162
Other financial institutions*	**675,176**	222,070	**675,176**	222,069
	6,299,175	8,956,515	**7,563,969**	8,795,492

* Included in deposits and placements with other financial institutions is USD10 million (2008: USD10 million) or Ringgit Malaysia equivalent of RM35.2 million (2008: RM32.6 million) pledged with the New York State Banking Department in satisfaction of capital equivalency deposit requirements and USD46.3 million (2008: USD77.4 million) or Ringgit Malaysia equivalent of RM162.8 million (2008: RM252.9 million) placed with National Bank of Cambodia.

7. SECURITIES PURCHASED UNDER RESALE AGREEMENTS AND OBLIGATIONS ON SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

(i) The underlying securities purchased under resale agreements are as follows:

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Malaysian Government Securities	**249,257**	-	**249,257**	-
Foreign Government Treasury Bills	**97,205**	-	**97,205**	-
	346,462	-	**346,462**	-

(ii) The securities sold under repurchase agreements are as follows:

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Securities (Note 8(iv)(b))	**-**	322,371	**-**	322,371

8. SECURITIES PORTFOLIO

		Group		Bank	
	Note	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Securities held-for-trading	(i)	**1,489,272**	880,794	**838,721**	418,170
Securities available-for-sale	(ii)	**47,877,105**	34,484,135	**39,349,558**	28,620,398
Securities held-to-maturity	(iii)	**8,360,751**	1,186,227	**6,831,898**	672,972
		57,727,128	36,551,156	**47,020,177**	29,711,540

8. SECURITIES PORTFOLIO (CONT'D.)

(i) Securities held-for-trading

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	**63,813**	38,947	**4,940**	38,947
Malaysian Government Treasury Bills	**73,227**	19,917	**73,227**	19,917
Malaysian Government Investment Issues	**29,946**	9,536	**-**	9,536
Khazanah Bonds	**4,978**	-	**-**	-
Bank Negara Malaysia Monetary Notes	**444,031**	4,112	**444,031**	4,112
Foreign Government Securities	**4,738**	268	**-**	-
Foreign Certificates of Deposits	**219,426**	-	**-**	-
	840,159	72,780	**522,198**	72,512
Quoted Securities:				
Shares	**27,939**	23,689	**27,939**	23,689
	27,939	23,689	**27,939**	23,689
Unquoted Securities:				
Malaysian Government Bonds	**-**	35,189	**-**	35,189
Foreign private debt securities	**288,584**	286,780	**288,584**	286,780
Islamic private debt securities in Malaysia	**332,590**	462,356	**-**	-
	621,174	784,325	**288,584**	321,969
Total securities held-for-trading	**1,489,272**	880,794	**838,721**	418,170

8. SECURITIES PORTFOLIO (CONT'D.)

(ii) Securities available-for-sale

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
At fair value, or at cost less impairment losses for certain unquoted equity instruments				
Money market instruments:				
Malaysian Government Securities	**8,000,877**	4,779,401	**7,462,815**	4,339,911
Cagamas Bonds	**289,075**	552,925	**289,075**	330,348
Foreign government securities	**7,601,976**	3,699,181	**4,889,677**	3,602,495
Malaysian Government Treasury Bills	**9,902**	29,915	**9,902**	29,915
Malaysian Government Investment Issues	**8,128,186**	4,144,204	**5,156,329**	2,643,988
Bank Negara Malaysia Bills	**-**	49,962	**-**	49,962
Foreign government treasury bills	**556,106**	943,965	**405,546**	817,769
Negotiable instruments of deposits	**1,776,469**	907,399	**4,691,967**	2,868,290
Bankers' acceptances and Islamic accepted bills	**3,070,391**	1,955,570	**3,024,272**	1,278,786
Khazanah Bonds	**828,797**	889,737	**359,850**	345,341
Bank Negara Malaysia Monetary Notes	**50,005**	787,150	**50,005**	787,150
Foreign certificates of deposits	**-**	216,237	**-**	-
	30,311,784	18,955,646	**26,339,438**	17,093,955
Quoted Securities:				
In Malaysia:				
Shares, warrants, trust units and loan stocks	**386,243**	508,255	**181,936**	165,835
Outside Malaysia:				
Shares, warrants, trust units and loan stocks	**97,811**	106,536	**48,518**	58,150
	484,054	614,791	**230,454**	223,985
Unquoted Securities:				
Shares, trust units and loan stocks in Malaysia	**691,283**	777,089	**441,733**	507,187
Shares, trust units and loan stocks outside Malaysia	**39,358**	32,152	**18,864**	15,776
Islamic private debt securities in Malaysia	**11,015,939**	9,164,822	**7,792,927**	6,191,994
Malaysian Government Bonds	**162,297**	314,664	**162,297**	314,664
Foreign government bonds	**80,671**	73,138	**-**	-
Credit linked notes (Note 8(iv)(c))	**225,735**	245,012	**225,735**	245,012
Foreign Islamic private debt securities	**4,865,984**	4,306,821	**4,138,110**	4,027,825
	17,081,267	14,913,698	**12,779,666**	11,302,458
Total securities available-for-sale	**47,877,105**	34,484,135	**39,349,558**	28,620,398

8. SECURITIES PORTFOLIO (CONT'D.)

(iii) Securities held-to-maturity

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
At amortised cost				
Money market instruments:				
Malaysian Government Securities	**6,263,488**	103,635	**6,032,944**	103,076
Cagamas Bonds	**13,390**	13,409	**1,670**	1,670
Foreign government securities	**443,637**	152,962	**-**	-
Malaysian Government Investment Issues/Certificates	**512,691**	80	**275,248**	-
	7,233,206	270,086	**6,309,862**	104,746
Unquoted Securities:				
Islamic private debt securities in Malaysia	**494,853**	355,443	**100,262**	76,265
Malaysian Government Bonds	**7,638**	42,559	**7,638**	42,559
Foreign Islamic private debt securities	**640,842**	535,275	**424,915**	466,523
Others	**2,044**	2,044	**2,044**	2,044
	1,145,377	935,321	**534,859**	587,391
Accumulated impairment losses	**(17,832)**	(19,180)	**(12,823)**	(19,165)
Total securities held-to-maturity	**8,360,751**	1,186,227	**6,831,898**	672,972
Indicative value of unquoted securities held-to-maturity:				
Malaysian Government Securities	**6,244,726**	100,917	**6,013,698**	100,822
Cagamas Bonds	**13,505**	1,669	**1,674**	1,669
Malaysian Government Investment Issues	**512,755**	-	**275,691**	-
Foreign government securities	**495,508**	152,961	**-**	-
Islamic private debt securities in Malaysia	**480,971**	56,327	**88,129**	56,327
Malaysian Government Bonds	**7,689**	44,247	**7,689**	44,247
Foreign Islamic private debt securities	**661,650**	549,441	**445,723**	480,689
Others	**2,044**	2,044	**2,044**	2,044

8. SECURITIES PORTFOLIO (CONT'D.)

(iv) Other disclosures

(a) The maturity structure of money market instruments available-for-sale and held-to-maturity are as follows:

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Maturing within one year	**7,804,762**	6,518,195	**5,789,992**	5,642,452
One year to three years	**3,499,277**	3,642,182	**4,268,177**	2,150,118
Three years to five years	**12,780,339**	4,845,208	**13,170,029**	5,311,759
After five years	**13,460,612**	4,220,147	**9,421,102**	4,094,372
	37,544,990	19,225,732	**32,649,300**	17,198,701

(b) Included in the securities available-for-sale and held-to-maturity are the following securities sold under repurchase agreements:

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Private debt securities	**-**	322,371	**-**	322,371

(c) Included in securities available-for-sale are credit linked notes with a face value of USD90,000,000 (2008: USD90,000,000) or Ringgit Malaysia equivalent to RM316,530,000 (2008: RM293,895,000) with embedded credit default swaps. The notes would be redeemed at face values on their respective maturity dates provided there is no occurrence of a specified credit event affecting the reference entities or their obligations. If there is an occurrence of a credit event, the underlying asset (the reference obligation of the reference entity), or a cash settlement amount to be determined with reference to the market value of the underlying asset in accordance with the terms of the contract, would be delivered by the issuer of the note.

(d) Reclassification of securities
Disclosures of the reclassification from securities held-for-trading to securities held-to-maturity category in the financial statements of the Group are as follows:

(a) Amount reclassified from securities held-for-trading to securities held-to-maturity category with effect from 23 January 2009:

	Group
	2009 RM'000
Fair value of securities held-for-trading reclassified to securities held-to-maturity	**78,092**

8. SECURITIES PORTFOLIO (CONT'D.)

(iv) Other disclosures (cont'd.)

(d) Reclassification of securities (cont'd.)

(b) Carrying amount and fair value of securities held-for-trading reclassified to securities held-to-maturity as at 30 June 2009

	Group
	2009 RM'000
Carrying amount	73,093
Fair value	77,199

(c) The fair value losses recognised in respect of the securities held-for-trading reclassified to securities held-to-maturity for the financial year ended 30 June 2009

	Group
	2009 RM'000
Losses recognised in income statement	(63)

(d) The effective interest rate of the securities held-for-trading reclassified to securities held-to-maturity as at 23 January 2009 is at 5.97% per annum.

As at 30 June 2009, there is no significant change in the estimated amount of cashflows that the Group expects to recover from the securities held-for-trading reclassified to securities held-to-maturity category.

9. LOANS, ADVANCES AND FINANCING

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Overdrafts	**14,493,359**	13,991,901	**11,349,807**	11,940,566
Term loans				
- Housing loans/financing	**33,537,779**	30,529,957	**26,945,169**	25,677,247
- Syndicated loan/financing	**12,407,057**	11,281,784	**9,722,422**	8,885,931
- Hire purchase receivables	**38,050,669**	31,767,458	**22,366,959**	22,931,317
- Lease receivables	**3,381**	3,796	**3,277**	3,796
- Other loans/financing	**56,782,224**	45,446,862	**39,278,820**	33,320,876
Credit card receivables	**4,283,414**	3,459,441	**3,796,899**	3,459,441
Bills receivable	**2,293,815**	2,121,855	**2,223,077**	2,018,427
Trust receipts	**2,082,258**	2,214,701	**1,742,023**	1,999,919
Claims on customers under acceptance credits	**11,129,121**	13,728,112	**7,754,168**	9,661,171
Loans/financing to banks and other financial institutions	**10,170,957**	9,580,463	**9,967,406**	9,580,173
Revolving credits	**20,228,361**	17,484,607	**17,131,926**	17,062,932
Staff loans	**1,460,468**	1,213,644	**950,028**	954,499
	206,922,863	182,824,581	**153,231,981**	147,496,295
Loans to:				
- Executive directors of the Bank	**193**	-	**193**	-
- Executive directors of subsidiaries	**2,104**	972	**2,104**	972
Others	**488,514**	121,139	**-**	-
	207,413,674	182,946,692	**153,234,278**	147,497,267
Unearned interest and income	**(14,050,883)**	(11,791,230)	**(3,018,394)**	(3,215,131)
Gross loans, advances and financing	**193,362,791**	171,155,462	**150,215,884**	144,282,136
Allowances for bad and doubtful debts/financing				
- Specific	**(3,854,026)**	(3,353,676)	**(2,847,031)**	(2,698,146)
- General	**(3,725,599)**	(3,187,611)	**(2,937,055)**	(2,728,516)
Net loans, advances and financing	**185,783,166**	164,614,175	**144,431,798**	138,855,474

9. LOANS, ADVANCES AND FINANCING (CONT'D.)

(i) Loans, advances and financing analysed by type of customer are as follows:

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Domestic operations:				
Domestic non-bank financial institutions				
- Stockbroking companies	**96,725**	136,051	**96,546**	135,869
- Others	**11,364,670**	10,803,486	**9,566,429**	9,274,482
Domestic business enterprise				
- Small and medium enterprise	**20,725,182**	28,377,672	**16,956,711**	23,564,416
- Others	**31,940,124**	23,901,554	**27,972,236**	20,973,016
Government and statutory bodies	**2,282,784**	176,835	**2,213,320**	65,322
Individuals	**62,811,592**	58,022,736	**45,902,511**	45,539,807
Other domestic entities	**148,302**	164,331	**25,925**	31,771
Foreign entities	**574,944**	483,254	**468,954**	423,930
Total domestic operations	**129,944,323**	122,065,919	**103,202,632**	100,008,613
Overseas operations:				
Singapore	**39,269,681**	36,976,691	**39,269,681**	36,976,691
Labuan offshore	**3,127,625**	3,803,615	**-**	-
Hong Kong SAR	**2,892,352**	2,725,761	**2,892,352**	2,725,761
United States of America	**1,339,147**	1,230,560	**1,339,147**	1,230,560
People's Republic of China	**969,266**	799,411	**969,266**	799,411
Vietnam	**548,044**	547,172	**548,044**	547,172
United Kingdom	**1,280,950**	1,291,934	**1,280,950**	1,291,934
Brunei	**130,655**	155,298	**130,655**	155,298
Cambodia	**302,508**	174,832	**302,508**	174,832
Bahrain	**280,649**	371,864	**280,649**	371,864
Philippines	**793,490**	766,221	**-**	-
Indonesia	**12,417,737**	196,818	**-**	-
Papua New Guinea	**66,364**	49,366	**-**	-
Total overseas operations	**63,418,468**	49,089,543	**47,013,252**	44,273,523
Gross loans, advances and financing	**193,362,791**	171,155,462	**150,215,884**	144,282,136

9. LOANS, ADVANCES AND FINANCING (CONT'D.)

(ii) Loans, advances and financing analysed by interest/profit rate sensitivity are as follows:

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Fixed rate				
- Housing loans/financing	**11,235,546**	11,058,229	**7,724,707**	6,905,381
- Hire purchase receivables	**29,790,106**	26,745,884	**19,005,757**	19,386,043
- Other fixed rate loans/financing	**19,021,173**	13,636,046	**13,285,625**	10,317,152
Variable rate				
- Base lending rate plus	**64,648,964**	59,256,410	**59,291,964**	55,873,068
- Cost plus	**20,795,087**	20,379,761	**17,128,290**	16,034,765
- Other variable rates	**47,871,915**	40,079,132	**33,779,541**	35,765,727
Gross loans, advances and financing	**193,362,791**	171,155,462	**150,215,884**	144,282,136

(iii) Loans, advances and financing analysed by economic purpose are as follows:

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Domestic operations:				
Purchase of securities	**11,437,474**	10,336,664	**9,891,754**	10,132,879
Purchase of transport vehicles	**19,844,339**	17,793,442	**8,912,826**	9,960,972
- less Islamic transport vehicles sold to Cagamas	**(268,304)**	(611,346)	**-**	-
Purchase of landed properties				
- residential	**24,649,453**	24,269,339	**19,241,121**	18,752,859
- non-residential	**6,493,344**	6,429,515	**5,797,391**	5,812,909
- less Islamic housing loans sold to Cagamas	**(315,069)**	(362,256)	**-**	-
Purchase of fixed assets				
(exclude landed properties)	**3,264**	3,799	**3,264**	3,799
Personal use	**3,782,771**	3,326,392	**3,348,353**	2,982,302
Credit card	**3,556,878**	3,196,102	**3,510,535**	3,196,102
Purchase of consumer durables	**15,709**	12,283	**14,838**	12,155
Construction	**6,300,230**	5,456,547	**5,426,053**	4,590,098
Working capital	**51,005,722**	51,271,899	**43,706,947**	43,788,220
Others	**3,438,512**	943,539	**3,349,550**	776,318
Total domestic operations	**129,944,323**	122,065,919	**103,202,632**	100,008,613

9. LOANS, ADVANCES AND FINANCING (CONT'D.)

(iii) Loans, advances and financing analysed by economic purpose are as follows: (cont'd.)

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Overseas operations:				
Singapore	**39,269,681**	36,976,691	**39,269,681**	36,976,691
Labuan offshore	**3,127,625**	3,803,615	**-**	-
Hong Kong SAR	**2,892,352**	2,725,761	**2,892,352**	2,725,761
United States of America	**1,339,147**	1,230,560	**1,339,147**	1,230,560
People's Republic of China	**969,266**	799,411	**969,266**	799,411
Vietnam	**548,044**	547,172	**548,044**	547,172
United Kingdom	**1,280,950**	1,291,934	**1,280,950**	1,291,934
Brunei	**130,655**	155,298	**130,655**	155,298
Cambodia	**302,508**	174,832	**302,508**	174,832
Bahrain	**280,649**	371,864	**280,649**	371,864
Philippines	**793,490**	766,221	**-**	-
Indonesia	**12,417,737**	196,818	**-**	-
Papua New Guinea	**66,364**	49,366	**-**	-
Total overseas operations	**63,418,468**	49,089,543	**47,013,252**	44,273,523
Gross loans, advances and financing	**193,362,791**	171,155,462	**150,215,884**	144,282,136

(iv) The maturity structure of loans, advances and financing is as follows:

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Maturing within one year	**46,589,151**	60,375,022	**35,211,430**	52,346,171
One year to three years	**21,564,256**	13,595,010	**15,478,574**	11,587,501
Three years to five years	**21,252,023**	17,551,637	**14,956,572**	14,377,665
After five years	**103,957,361**	79,633,793	**84,569,308**	65,970,799
Gross loans, advances and financing	**193,362,791**	171,155,462	**150,215,884**	144,282,136

9. LOANS, ADVANCES AND FINANCING (CONT'D.)

(v) Movements in the non-performing loans, advances and financing ("NPL") are as follows:

	Group		Bank	
	2009 RM'000	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**
Balance at beginning of year	**6,472,448**	8,258,214	**5,214,212**	8,054,673
Non-performing during the year	**4,519,887**	3,894,201	**3,012,997**	3,471,106
Reclassified as performing	**(1,870,449)**	(2,336,020)	**(1,513,811)**	(2,102,674)
Recovered during the year	**(1,398,790)**	(1,740,968)	**(959,732)**	(1,511,268)
Amount written off	**(1,439,402)**	(1,537,598)	**(797,628)**	(1,388,906)
Converted to securities	**(931)**	(47,188)	**(931)**	(47,188)
Converted to properties	**-**	(5,700)	**-**	(5,700)
Net amount transferred to Maybank Islamic Berhad	**-**	-	**-**	(1,245,328)
Sale of Non-performing loans ("NPL")	**-**	(97,615)	**-**	(97,615)
Exchange differences and expenses debited to customers' accounts	**35,781**	85,122	**81,206**	87,112
Acquisition of subsidiaries	**396,688**	-	**-**	-
Balance at end of year	**6,715,232**	6,472,448	**5,036,313**	5,214,212
Less:				
- Specific allowance	**(3,854,026)**	(3,353,676)	**(2,847,031)**	(2,698,146)
on non-performing loans	**(3,589,888)**	(3,229,837)	**(2,586,136)**	(2,574,307)
on performing loans	**(264,138)**	(123,839)	**(260,895)**	(123,839)
Net balance	**2,861,206**	3,118,772	**2,189,282**	2,516,066
Gross loans, advances and financing	**193,362,791**	171,155,462	**150,215,884**	144,282,136
Add: Islamic loans sold to Cagamas	**583,373**	973,603	**-**	-
	193,946,164	172,129,065	**150,215,884**	144,282,136
Less:				
- Specific allowance	**(3,854,026)**	(3,353,676)	**(2,847,031)**	(2,698,146)
Net loan, advances and financing (including Islamic loans sold to Cagamas)	**190,092,138**	168,775,389	**147,368,853**	141,583,990
Ratio of net non-performing loans:				
- Including specific allowance on performing loans	**1.51%**	1.85%	**1.49%**	1.78%
- Excluding specific allowance on performing loans	**1.64%**	1.92%	**1.66%**	1.86%

9. LOANS, ADVANCES AND FINANCING (CONT'D.)

(vi) Non-performing loans analysed by economic purpose are as follows:

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Domestic operations:				
Purchase of securities	**131,940**	235,595	**74,889**	141,008
Purchase of transport vehicles	**122,873**	113,949	**90,420**	85,480
Purchase of landed properties				
- residential	**1,957,069**	2,054,284	**1,480,025**	1,540,594
- non-residential	**332,185**	384,991	**294,607**	341,498
Personal use	**212,615**	205,453	**174,808**	170,885
Credit card	**53,267**	39,488	**52,733**	39,488
Purchase of consumer durables	**1,571**	1,073	**1,567**	1,069
Construction	**462,533**	413,657	**365,212**	277,209
Working capital	**2,391,994**	2,583,576	**2,026,305**	2,273,731
Others	**19,492**	33,895	**16,845**	28,896
Total domestic operations	**5,685,539**	6,065,961	**4,577,411**	4,899,858
Overseas operations:				
Singapore	**296,279**	237,782	**296,279**	237,782
Labuan offshore	**107,238**	61,287	**-**	-
Hong Kong SAR	**74,170**	25,716	**74,170**	25,716
Brunei	**2,789**	41,076	**2,789**	41,076
Vietnam	**20,859**	9,488	**20,859**	9,488
People's Republic of China	**22,176**	292	**22,176**	292
United Kingdom	**42,629**	-	**42,629**	-
Cambodia	**-**	-	**-**	-
Papua New Guinea	**2,637**	3,073	**-**	-
Philippines	**33,922**	27,773	**-**	-
Indonesia	**426,994**	-	**-**	-
Total overseas operations	**1,029,693**	406,487	**458,902**	314,354
	6,715,232	6,472,448	**5,036,313**	5,214,212

9. LOANS, ADVANCES AND FINANCING (CONT'D.)

(vii) Movements in the allowance for bad and doubtful debts are as follows:

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Specific allowance:				
Balance at beginning of year	**3,353,676**	4,016,704	**2,698,146**	3,837,843
Allowance made during the year	**2,088,853**	1,649,562	**1,337,489**	1,451,779
Amount written back in respect of recoveries	**(475,569)**	(766,333)	**(396,612)**	(628,320)
Amount written off	**(1,439,402)**	(1,537,598)	**(797,628)**	(1,388,906)
Transfer to general allowance	**(143)**	(7,366)	**-**	(4,302)
Transfer to impairment losses in value of securities	**(931)**	(8,651)	**(931)**	(8,651)
Amount transferred to Maybank Islamic Berhad	**-**	-	**-**	(579,816)
Exchange differences	**(29,441)**	7,358	**6,567**	18,519
Acquisition of subsidiaries	**356,983**	-	**-**	-
Balance at end of year	**3,854,026**	3,353,676	**2,847,031**	2,698,146
General allowance:				
Balance at beginning of year	**3,187,611**	2,757,315	**2,728,516**	2,613,274
Allowance made during the year	**358,818**	437,587	**202,599**	407,327
Amount written back	**(41,574)**	(22,418)	**-**	-
Amount transferred to Maybank Islamic Berhad	**-**	-	**-**	(307,891)
Transfer from specific allowance	**143**	7,366	**-**	4,302
Exchange differences	**(20,059)**	7,761	**5,940**	11,504
Acquisition of subsidiaries	**240,660**	-	**-**	-
Balance at end of year	**3,725,599**	3,187,611	**2,937,055**	2,728,516
As a percentage of total loans (including Islamic loans sold to Cagamas, less specific allowance)	**1.96%**	1.89%	**1.99%**	1.93%
As a percentage of total risk-weighted assets for credit risk excluding deferred tax assets	**1.93%**	1.82%	**1.83%**	1.72%

10. DERIVATIVE FINANCIAL INSTRUMENTS

Group	2009 Contract/ Notional Amount RM'000	2009 Fair Value Assets RM'000	2009 Fair Value Liabilities RM'000	2008 Contract/ Notional Amount RM'000	2008 Fair Value Assets RM'000	2008 Fair Value Liabilities RM'000
Foreign exchange contracts:						
Currency forward	**12,570,470**	**82,533**	**(150,556)**	13,644,197	165,069	(95,999)
Currency swaps	**21,750,058**	**244,681**	**(214,662)**	39,531,712	159,343	(275,742)
Options	**1,920,053**	**6,096**	**(17,066)**	2,893,206	18,486	(13,909)
	36,240,581	**333,310**	**(382,284)**	56,069,115	342,898	(385,650)
Interest rate related contracts:						
Interest rate swaps	**55,892,895**	**640,375**	**(1,076,784)**	44,447,327	487,252	(669,447)
Total derivative assets/(liabilities)		**973,685**	**(1,459,068)**		830,150	(1,055,097)

Bank	2009 Contract/ Notional Amount RM'000	2009 Fair Value Assets RM'000	2009 Fair Value Liabilities RM'000	2008 Contract/ Notional Amount RM'000	2008 Fair Value Assets RM'000	2008 Fair Value Liabilities RM'000
Foreign exchange contracts:						
Currency forward	**11,052,406**	**63,224**	**(127,822)**	13,644,197	165,069	(95,999)
Currency swaps	**21,750,058**	**222,539**	**(187,524)**	39,531,712	159,343	(275,742)
Options	**1,920,053**	**6,095**	**(17,066)**	2,893,206	18,486	(13,909)
	34,722,517	**291,858**	**(332,412)**	56,069,115	342,898	(385,650)
Interest rate related contracts:						
Interest rate swaps	**54,311,740**	**638,046**	**(1,049,448)**	42,362,974	485,284	(641,398)
Total derivative assets/(liabilities)		**929,904**	**(1,381,860)**		828,182	(1,027,048)

11. OTHER ASSETS

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Interest receivables	**1,274,972**	925,031	**945,287**	759,031
Prepayments and deposits	**462,836**	335,980	**352,005**	328,790
Other debtors	**2,959,679**	2,481,359	**2,349,390**	1,885,723
Amount due from related companies	**-**	-	**57**	54,327
Tax recoverable	**194,935**	117,874	**24,222**	-
Foreclosed properties	**147,186**	124,377	**62,568**	62,561
Prepaid land lease payment (Note (a))	**209,682**	116,557	**85,337**	86,358
	5,249,290	4,101,178	**3,818,866**	3,176,790

(a) Prepaid land lease payments

Group	Leasehold Land		
	Less Than 50 Years RM'000	50 Years or More RM'000	Total RM'000
As at 30 June 2009			
Cost			
Balance at 1 July 2008	**6,413**	**135,810**	**142,223**
Acquisition of subsidiaries (Note 14)	**117,959**	**-**	**117,959**
Additions	**-**	**1,026**	**1,026**
Disposals	**(196)**	**(1,140)**	**(1,336)**
Write offs	**(8,625)**	**-**	**(8,625)**
Transfers	**570**	**(570)**	**-**
Reclassification from Property, Plant and Equipment (Note 16)	**-**	**4,877**	**4,877**
Reclassification to Investment Property (Note 12)	**-**	**(18,787)**	**(18,787)**
Exchange differences	**-**	**238**	**238**
Balance at 30 June 2009	**116,121**	**121,454**	**237,575**
Accumulated depreciation and impairment losses			
Balance at 1 July 2008	**2,546**	**23,120**	**25,666**
Charge for the year (Note 34)	**139**	**1,607**	**1,746**
Writeback of impairment losses (Note 37)	**-**	**(184)**	**(184)**
Disposals	**(13)**	**(334)**	**(347)**
Reclassification from Property, Plant and Equipment (Note 16)	**-**	**783**	**783**
Transfers	**129**	**(129)**	**-**
Exchange differences	**-**	**229**	**229**
Balance at 30 June 2009	**2,801**	**25,092**	**27,893**
Analysed as:			
Accumulated depreciation	**2,801**	**25,092**	**27,893**
Net carrying amount			
At 30 June 2009	**113,320**	**96,362**	**209,682**

11. OTHER ASSETS (CONT'D.)

(a) Prepaid land lease payments (cont'd.)

Group	Leasehold Land		
	Less Than 50 Years RM'000	50 Years or More RM'000	Total RM'000
As at 30 June 2008			
Cost			
Balance at 1 July 2007	6,413	135,460	141,873
Additions	-	554	554
Disposals	-	(1,554)	(1,554)
Exchange differences	-	1,350	1,350
Balance at 30 June 2008	6,413	135,810	142,223
Accumulated depreciation and impairment losses			
Balance at 1 July 2007			
Accumulated depreciation	2,400	21,457	23,857
Charge for the year (Note 34)	146	1,502	1,648
Impairment losses	-	184	184
Disposals	-	(102)	(102)
Exchange differences	-	79	79
Balance at 30 June 2008	2,546	23,120	25,666
Analysed as:			
Accumulated depreciation	2,546	22,936	25,482
Accumulated impairment losses	-	184	184
	2,546	23,120	25,666
Net carrying amount			
At 30 June 2008	3,867	112,690	116,557

11. OTHER ASSETS (CONT'D.)

(a) Prepaid land lease payments (cont'd.)

Bank	Leasehold Land		
	Less Than 50 Years RM'000	50 Years or More RM'000	Total RM'000
As at 30 June 2009			
Cost			
Balance at 1 July 2008	6,413	99,299	105,712
Additions	-	1,026	1,026
Disposals	(35)	(1,140)	(1,175)
Transfers	570	(570)	-
Exchange differences	-	237	237
Balance at 30 June 2009	6,948	98,852	105,800
Accumulated depreciation and impairment losses			
Balance at 1 July 2008			
Accumulated depreciation	2,545	16,809	19,354
Charge for the year (Note 34)	140	1,087	1,227
Disposals	(13)	(334)	(347)
Transfers	129	(129)	-
Exchange differences	-	229	229
Balance at 30 June 2009	2,801	17,662	20,463
Analysed as:			
Accumulated depreciation	2,801	17,662	20,463
Net carrying amount			
At 30 June 2009	4,147	81,190	85,337

11. OTHER ASSETS (CONT'D.)

(a) Prepaid land lease payments (cont'd.)

Bank (cont'd.)	Leasehold Land Less Than 50 Years RM'000	Leasehold Land 50 Years or More RM'000	Total RM'000
As at 30 June 2008			
Cost			
Balance at 1 July 2007	6,413	98,949	105,362
Additions	-	554	554
Disposals	-	(1,554)	(1,554)
Exchange differences	-	1,350	1,350
Balance at 30 June 2008	6,413	99,299	105,712
Accumulated depreciation and impairment losses			
Balance at 1 July 2007			
Accumulated depreciation	2,399	15,768	18,167
Charge for the year (Note 34)	146	1,065	1,211
Disposals	-	(103)	(103)
Exchange differences	-	79	79
Balance at 30 June 2008	2,545	16,809	19,354
Analysed as:			
Accumulated depreciation	2,545	16,809	19,354
Net carrying amount			
At 30 June 2008	3,868	82,490	86,358

12. INVESTMENT PROPERTIES

	Group	
	2009 RM'000	**2008 RM'000**
At 1 July 2008/2007	**3,885**	40,750
Fair value adjustment (Note 34)	**(136)**	-
Revaluation reserve (Note 28(iii))	**2,742**	-
Reclassification from Prepaid Land Lease Payment (Note 11)	**18,787**	-
Reclassification from Property, Plant and Equipment (Note 16)	**1,572**	-
Additions	**-**	338
Disposal	**(330)**	(37,169)
Exchange differences	**58**	(34)
At 30 June 2009/2008	**26,578**	3,885

The following investment properties are held under lease terms:

	Group	
	2009 RM'000	**2008 RM'000**
Leasehold land	**17,211**	-
Buildings	**5,497**	1,700
	22,708	1,700

13. STATUTORY DEPOSITS WITH CENTRAL BANKS

	Group		Bank	
	2009 RM'000	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**
With Bank Negara Malaysia	**832,808**	4,729,493	**822,590**	3,949,492
With other Central Banks	**3,218,124**	1,142,921	**1,287,553**	990,209
	4,050,932	5,872,414	**2,110,143**	4,939,701

The non-interest-bearing statutory deposits maintained with Bank Negara Malaysia are in compliance with Section 37(1)(c) of the Central Bank of Malaysia Act, 1958 (Revised 1994), the amounts of which are determined as set percentages of total eligible liabilities. The statutory deposits of the foreign branches and subsidiaries are denominated in foreign currencies and maintained with the Central Banks of respective countries, in compliance with the applicable legislations.

14. INVESTMENT IN SUBSIDIARIES

	Bank	
	2009 RM'000	2008 RM'000
Unquoted shares, at cost		
- In Malaysia	**14,020,168**	5,864,517
- Outside Malaysia	**896,844**	893,129
	14,917,012	6,757,646
Less: Accumulated impairment losses	**(3,130,719)**	(342,802)
	11,786,293	6,414,844

(a) During the financial year, the Bank acquired PT Bank Internasional Indonesia TbK ("BII") and its subsidiaries ("BII Group") and BinaFikir Sdn Bhd ("BinaFikir"), as disclosed in Note 51(a) and 51(d).

(b) The Group acquired various tranches of shareholdings in BII Group, a listed bank in Indonesia, from 26 March 2008 to 1 December 2008, resulting in a shareholding of 97.5% as at 30 June 2009.

The Group acquired 100% of BinaFikir on 11 November 2008.

The total cost of acquisition, amounting to RM7,906.6 million, is satisfied by cash consideration.

(i) The newly acquired subsidiaries have contributed the following results to the Group:

	RM'000
Revenue	**2,073,000**
Profit for the year	**59,260**

(ii) The assets and liabilities arising from the acquisitions are as follows:

	Fair value recognised on acquisition RM'000	Acquiree's carrying amount RM'000
Trade and other receivables	**3,358,053**	**3,293,218**
Cash and bank balances	**554,306**	**554,306**
Loans, advances and financing	**13,248,110**	**13,318,622**
Securities portfolio	**3,210,571**	**3,210,571**
Property, plant and equipment	**137,656**	**151,717**
Prepaid land lease payment (Note 11(a))	**117,959**	**117,959**
Intangible assets (Note 17)	**411,727**	**-**
Deferred tax (Note 23)	**151,329**	**133,700**
	21,189,711	**20,780,093**

14. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(ii) The assets and liabilities arising from the acquisitions are as follows: (cont'd.)

	Fair value recognised on acquisition RM'000	Acquiree's carrying amount RM'000
Trade and other payables	2,352,805	2,352,846
Deposits from customers	15,293,538	15,293,538
Deposits and placements of banks and other financial institutions	378,284	378,284
Other liabilities	503,459	503,417
Subordinated obligations	505,940	505,940
	19,034,026	19,034,025
Fair value of net assets	2,155,685	
Less: Minority interests	(53,700)	
Group's share of net assets	2,101,985	
Goodwill on acquisition (Note 17)	5,804,567	
Total cost of acquisition	7,906,552	

The cash outflow on acquisition is as follows:

	RM'000
Purchase consideration satisfied by cash	7,861,915
Costs attributable to the acquisition, paid in cash	41,000
Total cash outflow of the Bank	7,902,915
Less: Unrefundable deposits for acquisition	(483,824)
Net cash outflow of the Bank	7,419,091
Acquisition of a subsidiary by Maybank Investment Bank Berhad	3,637
Cash and cash equivalents of subsidiaries acquired	(554,306)
Net cash outflow of the Group	6,868,422

Details of the subsidiaries are disclosed in Note 55.

15. INTEREST IN ASSOCIATES

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Unquoted shares, at cost	**397,129**	67,950	**393,049**	63,869
Quoted shares, at cost	**2,864,864**	2,174,564	**-**	-
Exchange differences	**(288,993)**	1,797	**-**	-
	2,973,000	2,244,311	**393,049**	63,869
Share of post-acquisition reserves	**10,190**	(25,464)	**-**	-
	2,983,190	2,218,847	**393,049**	63,869
Less: Accumulated impairment losses	**(353,067)**	-	**(50,000)**	(50,000)
	2,630,123	2,218,847	**343,049**	13,869
Market value of quoted shares	**925,706**	1,470,259		

(a) The summarised financial information of the associates are as follows:

	Group	
	2009 RM'000	2008 RM'000
Total assets	**24,400,445**	21,817,103
Total liabilities	**(20,673,965)**	(18,878,558)
Operating revenue	**2,314,369**	1,786,500
Profit after tax	**512,865**	905,389

15. INTEREST IN ASSOCIATES (CONT'D.)

(b) Details of the associates are as follows:

Name	Principal activities	Country of incorporation	2009 %	2008 %
Held by the Bank:				
UzbekLeasing International A. O.	Leasing	Uzbekistan	**35.0**	35.0
Philmay Holding, Inc.	Investment holding	Philippines	**33.0**	33.0
Pelaburan Hartanah Nasional Berhad	Property Trust	Malaysia	**30.0**	30.0
Mayban Agro Fund Sdn. Bhd.	Fund specific purpose vehicle	Malaysia	**33.3**	33.3
Mayban Venture Capital Company Sdn. Bhd.	Venture capital	Malaysia	**33.3**	33.3
An Binh Commercial Joint Stock Bank	Banking	Vietnam	**15.0**	-
Held through subsidiaries:				
Baiduri Securities Sdn. Bhd.	Under members' voluntary liquidation	Brunei	**39.0**	39.0
Pak-Kuwait Takaful Company Limited	Investment holding	Pakistan	**17.3**	17.3
MCB Bank Limited	Banking	Pakistan	**20.0**	15.0
Maybank JAIC Management Ltd	Fund management	Malaysia	**50.0**	-

The financial year ends of the above associates are coterminous with those of the Group, except for UzbekLeasing International A.O., Pelaburan Hartanah Nasional Berhad and MCB Bank Limited, which all have a financial year end of 31 December to conform with their holding companies' financial year end and/or regulatory requirement. For the purpose of applying the equity method of accounting, the financial statements of UzbekLeasing International A.O., Pelaburan Hartanah Nasional Berhad and MCB Bank Limited for the year ended 31 December 2008 have been used and appropriate adjustments have been made for the effects of significant transactions between 31 December 2008 and 30 June 2009.

(c) Acquisition of additional shareholding in MCB Bank Limited ("MCB") and acquisition of An Binh Commercial Joint Stock Bank ("An Binh")
Details in relation to the acquisition of An Binh, is disclosed in Note 51(b).

(d) The details of goodwill included within the Group's carrying amount of interest in associates are as follows:

	2009 RM'000	2008 RM'000
As at 1 July	**2,060,104**	-
Arising from interest in associates	**209,474**	2,060,104
Exchange differences	**(208,977)**	-
As at 30 June	**2,060,601**	2,060,104

16. PROPERTY, PLANT AND EQUIPMENT

Group	*Properties RM'000	Office Furniture, Fittings, Equipment and Renovations RM'000	Computers and Peripherals RM'000	Electrical and Security Equipment RM'000	Motor Vehicles RM'000	Buildings-in-Progress RM'000	Total RM'000
As at 30 June 2009							
Cost							
Balance at 1 July 2008	1,156,318	623,950	1,078,406	145,358	17,328	57,270	3,078,630
Additions	33,935	71,810	82,844	5,008	5,382	36,291	235,270
Acquisition of subsidiaries (Note 14)	80,063	47,946	2,849	-	6,591	207	137,656
Disposals	(10,199)	(14,719)	(3,508)	(1,850)	(3,878)	-	(34,154)
Write-offs (Note 34)	(27,781)	(57,622)	(6,691)	(3,816)	(228)	(131)	(96,269)
Transfers	1,261	59,400	(2,818)	2,292	-	(60,135)	-
Reclassification to Prepaid Land Lease Payment (Note 11)	(4,877)	-	-	-	-	-	(4,877)
Reclassification to Investment Property (Note 12)	(1,572)	-	-	-	-	-	(1,572)
Reclassification to Intangible Assets (Note 17)	-	-	(6,120)	-	-	(3,033)	(9,153)
Exchange differences	2,054	1,118	1,015	127	93	79	4,486
Balance at 30 June 2009	1,229,202	731,883	1,145,977	147,119	25,288	30,548	3,310,017
Accumulated depreciation and impairment losses							
Balance at 1 July 2008							
Accumulated depreciation	292,507	492,686	940,217	122,962	12,345	-	1,860,717
Accumulated impairment losses	7,076	4	-	-	-	-	7,080
	299,583	492,690	940,217	122,962	12,345	-	1,867,797
Charge for the year (Note 34)	25,814	85,095	24,111	7,530	3,617	-	146,167
Impairment losses (Note 37)	232	-	-	-	-	-	232
Disposals	(3,192)	(13,116)	(3,499)	(1,832)	(2,247)	-	(23,886)
Write-offs	(9,779)	(57,369)	(6,684)	(3,730)	(225)	-	(77,787)
Transfers	446	(509)	-	63	-	-	-
Reclassification to Prepaid Land Lease Payment (Note 11)	(783)	-	-	-	-	-	(783)
Exchange differences	1,389	650	508	98	70	-	2,715
Balance at 30 June 2009	313,710	507,441	954,653	125,091	13,560	-	1,914,455

16. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group (cont'd.)	*Properties RM'000	Office Furniture, Fittings, Equipment and Renovations RM'000	Computers and Peripherals RM'000	Electrical and Security Equipment RM'000	Motor Vehicles RM'000	Buildings-in-Progress RM'000	Total RM'000
As at 30 June 2009 (cont'd.)							
Analysed as:							
Accumulated depreciation	**306,402**	**507,437**	**954,653**	**125,091**	**13,560**	**-**	**1,907,143**
Accumulated impairment losses	**7,308**	**4**	**-**	**-**	**-**	**-**	**7,312**
	313,710	**507,441**	**954,653**	**125,091**	**13,560**	**-**	**1,914,455**
Net carrying amount							
At 30 June 2009	**915,492**	**224,442**	**191,324**	**22,028**	**11,728**	**30,548**	**1,395,562**
As at 30 June 2008							
Cost							
Balance at 1 July 2007	1,137,259	662,625	998,777	146,510	18,103	18,667	2,981,941
Additions	19,359	22,867	95,901	1,217	2,988	63,119	205,451
Disposals	(9,680)	(452)	(104)	-	(937)	-	(11,173)
Write-offs	-	(84,254)	(10,387)	(4,942)	(2,416)	(2,726)	(104,725)
Transfers	-	20,563	(580)	2,034	(197)	(21,820)	-
Reclassification to Property Held For Sale	(8,750)	-	-	-	-	-	(8,750)
Reclassification to Intangible Assets (Note 17)	-	-	(6,512)	-	-	-	(6,512)
Exchange differences	18,130	2,601	1,311	539	(213)	30	22,398
Balance at 30 June 2008	1,156,318	623,950	1,078,406	145,358	17,328	57,270	3,078,630

16. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group (cont'd.)	*Properties RM'000	Office Furniture, Fittings, Equipment and Renovations RM'000	Computers and Peripherals RM'000	Electrical and Security Equipment RM'000	Motor Vehicles RM'000	Buildings-in-Progress RM'000	Total RM'000
As at 30 June 2008 (cont'd.)							
Accumulated depreciation and impairment losses							
Balance at 1 July 2007							
Accumulated depreciation	268,616	517,163	902,935	120,498	14,096	-	1,823,308
Accumulated impairment losses	6,942	4	-	-	-	-	6,946
	275,558	517,167	902,935	120,498	14,096	-	1,830,254
Charge for the year (Note 34)	21,351	57,275	46,568	7,220	1,867	-	134,281
Impairment losses (Note 37)	134	-	-	-	-	-	134
Disposals	(3,056)	(308)	(104)	-	(935)	-	(4,403)
Write-offs	-	(84,060)	(10,307)	(4,938)	(2,362)	-	(101,667)
Transfers	-	810	(564)	(86)	(160)	-	-
Exchange differences	5,596	1,806	1,689	268	(161)	-	9,198
Balance at 30 June 2008	299,583	492,690	940,217	122,962	12,345	-	1,867,797
As at 30 June 2008							
Analysed as:							
Accumulated depreciation	292,507	492,686	940,217	122,962	12,345	-	1,860,717
Accumulated impairment losses	7,076	4	-	-	-	-	7,080
	299,583	492,690	940,217	122,962	12,345	-	1,867,797
Net carrying amount							
At 30 June 2008	856,735	131,260	138,189	22,396	4,983	57,270	1,210,833

16. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group (cont'd.)	Freehold Land RM'000	Buildings on Freehold Land RM'000	Buildings on Leasehold Land Less Than 50 Years RM'000	Buildings on Leasehold Land 50 Years or More RM'000	Total RM'000
*** Properties consist of:**					
Cost					
Balance at 1 July 2008	111,150	454,296	70,247	520,625	1,156,318
Additions	6,376	22,517	5,042	-	33,935
Acquisition of subsidiaries	-	-	80,063	-	80,063
Disposals	(5,028)	(2,106)	(105)	(2,960)	(10,199)
Write-offs	-	(25,493)	(2,288)	-	(27,781)
Transfers	600	585	(317)	393	1,261
Reclassification to Prepaid Land Lease Payment (Note 11)	-	-	-	(4,877)	(4,877)
Reclassification to Investment Property (Note 12)	(493)	(1,355)	(391)	667	(1,572)
Exchange differences	151	633	250	1,020	2,054
Balance at 30 June 2009	112,756	449,077	152,501	514,868	1,229,202
Accumulated depreciation and impairment losses					
Balance at 1 July 2008					
Accumulated depreciation	-	144,984	32,280	115,243	292,507
Accumulated impairment losses	-	6,132	335	609	7,076
	-	151,116	32,615	115,852	299,583
Charge for the year	-	9,346	5,765	10,703	25,814
Impairment losses (Note 37)	-	(118)	(13)	363	232
Disposals	-	(877)	(27)	(2,288)	(3,192)
Write-offs	-	(9,166)	(613)	-	(9,779)
Transfers	-	9,610	(9,214)	50	446
Reclassification to Prepaid Land Lease Payment (Note 11)	-	-	-	(783)	(783)
Exchange differences	-	455	125	809	1,389
Balance at 30 June 2009	-	160,366	28,638	124,706	313,710

16. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group (cont'd.)	Freehold Land RM'000	Buildings on Freehold Land RM'000	Buildings on Leasehold Land Less Than 50 Years RM'000	Buildings on Leasehold Land 50 Years or More RM'000	Total RM'000
*** Properties consist of: (cont'd.)**					
Analysed as:					
Accumulated depreciation	**-**	**154,352**	**28,316**	**123,734**	**306,402**
Accumulated impairment losses	**-**	**6,014**	**322**	**972**	**7,308**
	-	**160,366**	**28,638**	**124,706**	**313,710**
Net carrying amount					
At 30 June 2009	**112,756**	**288,711**	**123,863**	**390,162**	**915,492**
*** Properties consist of:**					
Cost					
Balance at 1 July 2007	118,839	457,361	70,109	490,950	1,137,259
Additions	-	1,999	-	17,360	19,359
Disposals	(1,939)	(4,133)	(597)	(3,011)	(9,680)
Transfers	-	-	1,389	(1,389)	-
Reclassification to Property Held For Sale	(6,600)	-	(2,150)	-	(8,750)
Exchange differences	850	(931)	1,496	16,715	18,130
Balance at 30 June 2008	111,150	454,296	70,247	520,625	1,156,318
Accumulated depreciation and impairment losses					
Balance at 1 July 2007					
Accumulated depreciation	-	137,790	28,067	102,759	268,616
Accumulated impairment losses	-	4,213	322	2,407	6,942
	-	142,003	28,389	105,166	275,558
Charge for the year	-	8,065	2,346	10,940	21,351
Impairment losses (Note 37)	-	1,919	13	(1,798)	134
Disposals	-	(1,630)	-	(1,426)	(3,056)
Transfers	-	-	300	(300)	-
Exchange differences	-	759	1,567	3,270	5,596
Balance at 30 June 2008	-	151,116	32,615	115,852	299,583

16. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group (cont'd.)	Freehold Land RM'000	Buildings on Freehold Land RM'000	Buildings on Leasehold Land Less Than 50 Years RM'000	Buildings on Leasehold Land 50 Years or More RM'000	Total RM'000
*** Properties consist of: (cont'd.)**					
Analysed as:					
Accumulated depreciation	-	144,984	32,280	115,243	292,507
Accumulated impairment losses	-	6,132	335	609	7,076
	-	151,116	32,615	115,852	299,583
Net carrying amount					
At 30 June 2008	111,150	303,180	37,632	404,773	856,735

Bank	*Properties RM'000	Office Furniture, Fittings, Equipment and Renovations RM'000	Computers and Peripherals RM'000	Electrical and Security Equipment RM'000	Motor Vehicles RM'000	Buildings-in-Progress RM'000	Total RM'000
As at 30 June 2009							
Cost							
Balance at 1 July 2008	**1,006,710**	**510,487**	**945,947**	**124,313**	**10,264**	**52,390**	**2,650,111**
Additions	**13,093**	**38,167**	**80,915**	**4,951**	**1,427**	**30,055**	**168,608**
Disposals	**(8,662)**	**(13,771)**	**(3,363)**	**(1,850)**	**(837)**	**-**	**(28,483)**
Write-offs (Note 34)	**-**	**(54,732)**	**(6,421)**	**(3,816)**	**(135)**	**-**	**(65,104)**
Transfers	**-**	**50,519**	**-**	**2,241**	**-**	**(52,760)**	**-**
Reclassification to Intangible Assets (Note 17)	**-**	**-**	**(6,120)**	**-**	**-**	**-**	**(6,120)**
Exchange differences	**1,415**	**604**	**882**	**97**	**101**	**79**	**3,178**
Balance at 30 June 2009	**1,012,556**	**531,274**	**1,011,840**	**125,936**	**10,820**	**29,764**	**2,722,190**

16. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Bank (cont'd.)	*Properties RM'000	Office Furniture, Fittings, Equipment and Renovations RM'000	Computers and Peripherals RM'000	Electrical and Security Equipment RM'000	Motor Vehicles RM'000	Buildings-in-Progress RM'000	Total RM'000
As at 30 June 2009							
Accumulated depreciation							
Balance at 1 July 2008	263,359	393,091	814,805	108,861	7,612	-	1,587,728
Charge for the year (Note 34)	18,875	56,511	21,342	5,425	1,159	-	103,312
Disposals	(1,526)	(13,198)	(3,355)	(1,832)	(801)	-	(20,712)
Write-offs (Note 34)	-	(54,649)	(6,417)	(3,713)	(133)	-	(64,912)
Exchange differences	292	407	714	175	46	-	1,634
Balance at 30 June 2009	281,000	382,162	827,089	108,916	7,883	-	1,607,050
Net carrying amount							
At 30 June 2009	731,556	149,112	184,751	17,020	2,937	29,764	1,115,140

Bank	Freehold Land RM'000	Buildings on Freehold Land RM'000	Buildings on Leasehold Land Less Than 50 Years RM'000	Buildings on Leasehold Land 50 Years or More RM'000	Total RM'000
*** Properties consist of:**					
Cost					
Balance at 1 July 2008	107,454	390,181	68,369	440,706	1,006,710
Additions	6,235	1,816	5,042	-	13,093
Disposals	(4,644)	(1,383)	-	(2,635)	(8,662)
Transfers	-	-	(393)	393	-
Exchange differences	150	94	246	925	1,415
Balance at 30 June 2009	109,195	390,708	73,264	439,389	1,012,556
Accumulated depreciation					
Balance at 1 July 2008	-	142,779	22,188	98,392	263,359
Charge for the year	-	7,787	1,877	9,211	18,875
Disposals	-	(460)	-	(1,066)	(1,526)
Exchange differences	-	38	375	(121)	292
Balance at 30 June 2009	-	150,144	24,440	106,416	281,000
Net carrying amount					
At 30 June 2009	109,195	240,564	48,824	332,973	731,556

16. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Bank (cont'd.)	*Properties RM'000	Office Furniture, Fittings, Equipment and Renovations RM'000	Computers and Peripherals RM'000	Electrical and Security Equipment RM'000	Motor Vehicles RM'000	Buildings-in-Progress RM'000	Total RM'000
As at 30 June 2008							
Cost							
Balance at 1 July 2007	978,983	552,002	867,120	125,708	11,272	15,849	2,550,934
Additions	17,383	19,244	93,049	945	1,446	58,330	190,397
Disposals	(8,604)	-	-	-	-	-	(8,604)
Write-offs (Note 34)	-	(83,509)	(9,645)	(4,941)	(2,416)	-	(100,511)
Transfers	-	19,756	-	2,064	-	(21,820)	-
Reclassification to Intangible Assets (Note 17)	-	-	(6,471)	-	-	-	(6,471)
Exchange differences	18,948	2,994	1,894	537	(38)	31	24,366
Balance at 30 June 2008	1,006,710	510,487	945,947	124,313	10,264	52,390	2,650,111
As at 30 June 2008							
Accumulated depreciation							
Balance at 1 July 2007	243,985	421,687	780,573	108,380	9,115	-	1,563,740
Charge for the year (Note 34)	17,970	50,936	40,926	4,998	838	-	115,668
Depreciation attributable to Islamic Banking Operations	554	1,569	1,260	154	26	-	3,563
	18,524	52,505	42,186	5,152	864	-	119,231
Disposals	(2,599)	-	-	-	-	-	(2,599)
Write-offs	-	(83,370)	(9,613)	(4,938)	(2,362)	-	(100,283)
Exchange differences	3,449	2,269	1,659	267	(5)	-	7,639
Balance at 30 June 2008	263,359	393,091	814,805	108,861	7,612	-	1,587,728
Net carrying amount							
At 30 June 2008	743,351	117,396	131,142	15,452	2,652	52,390	1,062,383

16. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Bank (cont'd.)	Freehold Land RM'000	Buildings on Freehold Land RM'000	Buildings on Leasehold Land Less Than 50 Years RM'000	Buildings on Leasehold Land 50 Years or More RM'000	Total RM'000
*** Properties consist of:**					
Cost					
Balance at 1 July 2007	108,543	393,757	66,859	409,824	978,983
Additions	-	23	-	17,360	17,383
Disposals	(1,939)	(4,133)	-	(2,532)	(8,604)
Exchange differences	850	534	1,510	16,054	18,948
Balance at 30 June 2008	107,454	390,181	68,369	440,706	1,006,710
Accumulated depreciation					
Balance at 1 July 2007	-	136,409	19,805	87,771	243,985
Charge for the year	-	7,571	1,332	9,067	17,970
Depreciation attributable to Islamic Banking Operations	-	233	41	280	554
	-	7,804	1,373	9,347	18,524
Disposals	-	(1,630)	-	(969)	(2,599)
Exchange differences	-	196	1,010	2,243	3,449
Balance at 30 June 2008	-	142,779	22,188	98,392	263,359
Net carrying amount					
At 30 June 2008	107,454	247,402	46,181	342,314	743,351

17. INTANGIBLE ASSETS

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
(a) Goodwill				
Cost:				
At 1 July 2008/2007	**81,015**	81,015	**81,015**	81,015
Acquisition of subsidiaries (Note 14)	**5,804,567**	-	**-**	-
Impairment losses	**(1,619,518)**	-	**-**	-
Exchange differences	**(302,854)**	-	**-**	-
At 30 June	**3,963,210**	81,015	**81,015**	81,015
(b) Core Deposits Intangibles				
Cost:				
At 1 July 2008/2007	**-**	-	**-**	-
Acquisition of subsidiaries (Note 14)	**388,024**	-	**-**	-
Exchange differences	**(20,254)**	-	**-**	
At 30 June	**367,770**	-	**-**	-
Accumulated amortisation:				
At 1 July 2008/2007	**-**	-	**-**	-
Amortisation charged (Note 34)	**71,737**	-	**-**	-
Exchange differences	**1,403**	-	**-**	-
At 30 June	**73,140**	-	**-**	-
Net carrying amount	**294,630**	-	**-**	-

17. INTANGIBLE ASSETS (CONT'D.)

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
(c) Computer Software				
Cost:				
At 1 July 2008/2007	**354,151**	317,957	**291,667**	248,427
Acquisition of subsidiaries (Note 14)	**23,703**	-	**-**	-
Additions	**33,282**	38,383	**23,814**	33,676
Disposals	**(386)**	(10,756)	**-**	-
Write-offs (Note 34)	**(187)**	(667)	**(187)**	-
Reclassification from Property, Plant and Equipment (Note 16)	**9,153**	6,512	**6,120**	6,471
Exchange differences	**838**	2,722	**1,029**	3,093
At 30 June	**420,554**	354,151	**322,443**	291,667
Accumulated amortisation:				
At 1 July 2008/2007	**245,437**	205,902	**190,227**	144,980
Amortisation charged (Note 34)	**58,884**	48,046	**44,437**	42,532
Disposals	**(46)**	(10,756)	**-**	-
Write-offs	**(187)**	(138)	**(187)**	-
Exchange differences	**296**	2,383	**849**	2,715
At 30 June	**304,384**	245,437	**235,326**	190,227
Net carrying amount	**116,170**	108,714	**87,117**	101,440
(d) Total intangible assets				
Goodwill	**3,963,210**	81,015	**81,015**	81,015
Core Deposits Intangible	**294,630**	-	**-**	-
Computer Software	**116,170**	108,714	**87,117**	101,440
At 30 June	**4,374,010**	189,729	**168,132**	182,455

17. INTANGIBLE ASSETS (CONT'D.)

(a) Goodwill

Goodwill has been allocated to the Group's Cash-Generating Units ("CGU") identified according to the following business segments i.e.

		2009		2008	
		Group RM'000	Bank RM'000	Group RM'000	Bank RM'000
Cash Generating Unit					
American Express ("AMEX") card services business in Malaysia	(i)	**81,015**	**81,015**	81,015	81,015
Acquisition of PT Bank Internasional Indonesia TbK ("BII")	(ii)	**5,804,567**	**-**	-	-
Impairment loss		**(1,617,000)**	**-**	-	-
		4,187,567	**-**	-	-
Acquisition of BinaFikir		**2,518**	**-**	-	-
Impairment loss		**(2,518)**	**-**	-	-
		-	**-**	-	-

Goodwill is allocated to the Group's CGUs expected to benefit from the synergies of the acquisitions. The recoverable amount of the CGUs are assessed based on value-in-use and compared to the carrying value of the CGU to determine whether any impairment exists. Impairment is recognised in the income statement when the carrying amount of the CGU exceeds its recoverable amount.

(i) The value-in-use calculations apply discounted cash flow projections prepared and approved by management, covering a 10-year period.

The other key assumptions for the computation of value-in-use are as follows:

(a) The Bank expects the AMEX card services business to be a going concern;

(b) The growth in business volume is expected to be equivalent to the current inflation rate of 6% per annum;

(c) The discount rate applied is the internal weighted average cost of capital of the Bank at the time of assessment, which is estimated to be 7.83% per annum.

(ii) The value-in-use calculations discounted cash flow model using free cash flow to equity (FCFE) projections prepared and approved by management covering a 10 year period. The compounding annual growth rate ("CAGR") of BII's FCFE projections was 21%.

17. INTANGIBLE ASSETS (CONT'D.)

(a) Goodwill (cont'd.)

The other key assumptions for the computation of value-in-use are as follows:

(a) The Bank expects the BII banking business operations to be a going concern;

(b) The discount rate applied is based on current specific country risks which is estimated to be approximately 16.5% per annum;

(c) Terminal value whereby cashflow growth rate of 6% consistent with the Gross Domestic Product rates of Indonesia

Management believes that any reasonably possible changes in any of the above key assumptions would not cause the carrying value of the CGU to exceed its recoverable amount. Based on the above review, there is no evidence of impairment on the Group's and Bank's goodwill, other than an impairment loss of approximately RM1,617,000,000 on the goodwill of the Group arising from BII's banking business operations.

(b) Core Deposits Intangible ("CDI")

The intangible assets consist mainly of the core deposits intangible arising from the acquisition of BII banking business operations. The CDI is deemed to have a finite useful life of 8 years and the CDI is amortised based on reducing balance method over the deemed finite useful life.

18. DEPOSITS FROM CUSTOMERS

	Group		Bank	
	2009 RM'000	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**
Fixed deposits and negotiable instruments of deposits				
- One year or less	**115,657,191**	102,661,282	**86,308,707**	84,064,822
- More than one year	**3,075,955**	3,073,899	**1,585,090**	1,571,969
	118,733,146	105,735,181	**87,893,797**	85,636,791
Money market deposits	**11,118,846**	10,964,912	**11,118,846**	10,964,912
Savings deposits	**35,290,821**	29,425,896	**26,554,841**	25,027,773
Demand deposits	**44,730,963**	38,634,568	**35,708,559**	32,721,668
Structured deposits*	**2,724,813**	2,351,520	**2,176,887**	1,971,420
	212,598,589	187,112,077	**163,452,930**	156,322,564

* Structured deposits represent time deposits with embedded foreign exchange, and commodity-linked time deposits.

18. DEPOSITS FROM CUSTOMERS (CONT'D.)

The maturity structure of fixed deposits and negotiable instruments of deposits is as follows:

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Due within six months	**91,290,183**	83,131,133	**64,109,316**	65,391,920
Six months to one year	**24,367,008**	19,530,149	**22,199,391**	18,672,902
One year to three years	**2,781,981**	2,069,441	**1,535,744**	1,525,761
Three years to five years	**165,084**	793,404	**33,046**	29,908
After five years	**128,890**	211,054	**16,300**	16,300
	118,733,146	105,735,181	**87,893,797**	85,636,791

The deposits are sourced from the following types of customers:

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Business enterprises	**76,884,016**	68,428,468	**55,882,422**	52,832,804
Individuals	**105,075,231**	90,243,156	**87,758,655**	83,229,457
Government and statutory bodies	**8,263,553**	7,703,001	**3,845,947**	5,028,237
Others	**22,375,789**	20,737,452	**15,965,906**	15,232,066
	212,598,589	187,112,077	**163,452,930**	156,322,564

19. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Licensed banks	**21,450,131**	18,922,751	**23,327,742**	20,415,169
Licensed finance companies	**368,538**	733	**368,538**	733
Licensed investment banks	**650,255**	451,206	**650,255**	451,206
Other financial institutions	**6,312,939**	3,762,189	**5,775,381**	3,562,962
	28,781,863	23,136,879	**30,121,916**	24,430,070

19. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS (CONT'D.)

The maturity structure of deposits and placements of banks and other financial institutions are as follows:

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
One year or less	**26,704,881**	22,677,951	**28,280,565**	24,088,222
More than one year	**2,076,982**	458,928	**1,841,351**	341,848
	28,781,863	23,136,879	**30,121,916**	24,430,070

20. OTHER LIABILITIES

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Interest/profit payable	**1,120,462**	1,009,605	**893,331**	947,456
Provision for outstanding claims	**441,712**	421,234	**-**	-
Unearned premium reserves	**286,294**	273,755	**-**	-
Profit equalisation reserves (IBS operations) (Note 52(k))	**46,477**	65,623	**-**	-
Provisions and accruals	**1,598,404**	1,252,134	**1,265,610**	926,011
Due to brokers and clients	**500,058**	234,406	**-**	-
Deposits and other creditors	**2,992,593**	1,991,806	**1,094,417**	2,045,607
	6,986,000	5,248,563	**3,253,358**	3,919,074

Movements in provision for outstanding claims are as follows:

	Group	
	2009 RM'000	2008 RM'000
Balance at beginning of year	**421,234**	429,786
Net provision/(utilisation) during the year	**17,472**	(8,858)
Exchange differences	**3,006**	306
Balance at end of year	**441,712**	421,234

21. RECOURSE OBLIGATION ON LOANS SOLD TO CAGAMAS

	Group and Bank	
	2009 RM'000	**2008 RM'000**
At 1 July 2008/2007	**1,274,069**	2,455,762
Repayment forwarded	**(757,804)**	(1,181,693)
At 30 June 2009/2008	**516,265**	1,274,069

This relates to proceeds received from conventional housing loans and hire purchase loans sold directly to Cagamas Berhad with recourse to the Bank (the loan portfolio and the related recourse obligation on loans sold to Cagamas of its finance subsidiary were transferred to the Bank on 1 October 2004). Under the agreement, the Bank undertakes to administer the loans on behalf of Cagamas Berhad and to buy back any loans which are regarded as defective based on pre-determined and agreed-upon prudential criteria.

22. PROVISION FOR TAXATION AND ZAKAT

	Group		Bank	
	2009 RM'000	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**
Taxation	**83,085**	427,818	**-**	390,327
Zakat	**4,658**	7,665	**-**	-
	87,743	435,483	**-**	390,327

23. DEFERRED TAX

	Group		Bank	
	2009 RM'000	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**
At 1 July 2008/2007	**(1,165,628)**	(919,920)	**(1,122,138)**	(951,526)
Acquisition of subsidiaries (Note 14)	**(151,329)**	-	**-**	-
Recognised in the income statement (net) (Note 38)	**(157,644)**	63,881	**(106,154)**	102,937
Recognised in equity (net)	**110,503**	(281,447)	**112,993**	(244,991)
Transfer from provision for taxation	**(79,598)**	(28,558)	**(79,598)**	(28,558)
Exchange differences	**7,994**	416	**-**	-
At 30 June 2009/2008	**(1,435,702)**	(1,165,628)	**(1,194,897)**	(1,122,138)

23. DEFERRED TAX (CONT'D.)

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Presented after appropriate offsetting as follows:				
Deferred tax assets	**(1,493,132)**	(1,217,490)	**(1,194,897)**	(1,122,138)
Deferred tax liabilities	**57,430**	51,862	**-**	-
	(1,435,702)	(1,165,628)	**(1,194,897)**	(1,122,138)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred income taxes relates to the same fiscal authority.

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group:

	Loan loss and allowances RM'000	Unrealised holding reserve, impairment loss on securities and amortisation of premium RM'000	Provision for liabilities RM'000	Other temporary differences RM'000	Total RM'000
At 1 July 2008	**(792,428)**	**(140,870)**	**(152,376)**	**(131,816)**	**(1,217,490)**
Acquisition of subsidiaries	**(39,196)**	**(2,214)**	**(32,656)**	**(77,263)**	**(151,329)**
Recognised in the income statement	**(67,534)**	**1,441**	**(67,206)**	**(29,071)**	**(162,370)**
Recognised in equity	**(134)**	**117,075**	**(71)**	**(6,884)**	**109,986**
Transferred from provision for taxation	**-**	**-**	**(79,598)**	**-**	**(79,598)**
Exchange differences	**2,319**	**83**	**1,866**	**3,401**	**7,669**
At 30 June 2009	**(896,973)**	**(24,485)**	**(330,041)**	**(241,633)**	**(1,493,132)**
At 1 July 2007	(881,486)	104,424	(135,055)	(104,613)	(1,016,730)
Recognised in the income statement	89,058	(303)	(17,321)	(16,673)	54,761
Recognised in equity	-	(244,991)	-	(10,936)	(255,927)
Exchange differences	-	-	-	406	406
At 30 June 2008	(792,428)	(140,870)	(152,376)	(131,816)	(1,217,490)

23. DEFERRED TAX (CONT'D.)

Deferred tax liabilities of the Group:

	Accelerated capital allowance RM'000	Unrealised holding reserves and accretion of discounts RM'000	Other temporary differences RM'000	Total RM'000
At 1 July 2008	**35,255**	**(17,126)**	**33,733**	**51,862**
Recognised in the income statement	**5,527**	**(251)**	**(550)**	**4,726**
Recognised in equity	**3,561**	**938**	**(3,982)**	**517**
Exchange differences	**1**	**5**	**319**	**325**
At 30 June 2009	**44,344**	**(16,434)**	**29,520**	**57,430**
At 1 July 2007	32,275	34,840	29,695	96,810
Recognised in the income statement	2,976	(21,711)	27,855	9,120
Recognised in equity	-	(30,271)	4,751	(25,520)
Transferred from provision for taxation	-	-	(28,558)	(28,558)
Exchange differences	4	16	(10)	10
At 30 June 2008	35,255	(17,126)	33,733	51,862

Deferred tax assets of the Bank:

	Loan loss and allowances RM'000	Unrealised holding reserve, impairment loss on securities and amortisation of premium RM'000	Provision for liabilities RM'000	Other temporary differences RM'000	Total RM'000
At 1 July 2008	**(767,082)**	**(167,659)**	**(144,908)**	**(74,417)**	**(1,154,066)**
Recognised in income statement	**(39,733)**	**1,032**	**(76,294)**	**2,853**	**(112,142)**
Recognised in equity	**-**	**112,993**	**-**	**-**	**112,993**
Transfer from provision for taxation	**-**	**-**	**(79,598)**	**-**	**(79,598)**
At 30 June 2009	**(806,815)**	**(53,634)**	**(300,800)**	**(71,564)**	**(1,232,813)**

23. DEFERRED TAX (CONT'D.)

Deferred tax assets of the Bank: (cont'd.)

	Loan loss and allowances RM'000	Unrealised holding reserve, impairment loss on securities and amortisation of premium RM'000	Provision for liabilities RM'000	Other temporary differences RM'000	Total RM'000
At 1 July 2007	(866,440)	76,594	(128,610)	(87,184)	(1,005,640)
Recognised in income statement	99,358	738	(16,298)	12,767	96,565
Recognised in equity	-	(244,991)	-	-	(244,991)
At 30 June 2008	(767,082)	(167,659)	(144,908)	(74,417)	(1,154,066)

Deferred tax liabilities of the Bank:

	Accelerated capital allowance RM'000	Unrealised holding reserves RM'000	Other temporary allowance RM'000	Total RM'000
At 1 July 2008	**31,928**	**-**	**-**	**31,928**
Recognised in the income statement	**5,988**	**-**	**-**	**5,988**
At 30 June 2009	**37,916**	**-**	**-**	**37,916**
At 1 July 2007	25,556	-	28,558	54,114
Recognised in the income statement	6,372	-	-	6,372
Transfer from provision for taxation	-	-	(28,558)	(28,558)
At 30 June 2008	31,928	-	-	31,928

23. DEFERRED TAX (CONT'D.)

Deferred tax liabilities of the Bank: (cont'd.)

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2009 RM'000	**2008 RM'000**
Unutilised tax losses	**33,970**	29,723
Unabsorbed capital allowances	**992**	992
Loan loss and provisions and interest suspended	**73,783**	73,178
Others	**63,523**	63,021
	172,268	166,914

The unutilised tax losses and unabsorbed capital allowances are available for offset against future taxable profits of the respective subsidiaries in which those items arose. Deferred tax assets have not been recognised in respect of those items as they may not be used to offset taxable profits of other subsidiaries of the Group. They have arisen in subsidiaries that have past losses of which the deferred tax assets are recognised to the extent that future taxable profits will be available.

24. BORROWINGS

	Group		Bank	
	2009 RM'000	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**
Unsecured:				
- less than one year	**281,360**	274,302	**281,360**	274,302
- more than one year	**1,230,950**	1,142,925	**1,230,950**	1,142,925
	1,512,310	1,417,227	**1,512,310**	1,417,227

The unsecured borrowings are term loans denominated in US Dollar. The borrowings are unsecured and bear interest rates ranging between 0.50% and 5.45% (2008: ranging between 0.50% and 5.97%).

25. SUBORDINATED OBLIGATIONS

	Note	Group 2009 RM'000	Group 2008 RM'000	Bank 2009 RM'000	Bank 2008 RM'000
RM1,000 million subordinated Islamic bonds due in 2015	(i)	**1,000,000**	1,000,000	**1,000,000**	1,000,000
RM1,500 million subordinated Islamic bonds due in 2018	(ii)	**1,500,000**	1,500,000	**1,500,000**	1,500,000
RM1,500 million subordinated bonds due in 2017	(iii)	**1,500,000**	1,500,000	**1,500,000**	1,500,000
USD300 million subordinated certificates due in 2017	(iv)	**1,052,239**	975,723	**1,052,239**	975,723
RM3,100 million subordinated Term Loan due in 2019	(v)	**3,100,000**	-	**3,100,000**	-
USD150 million subordinated notes due in 2015	(vi)	**520,134**	-	**-**	-
		8,672,373	4,975,723	**8,152,239**	4,975,723

(i) On 24 November 2005, the Bank issued RM1.0 billion nominal value Islamic Subordinated Bonds under the Shariah principle of Bai' Bithaman Ajil. The Bonds are under a 10 non-callable 5 basis feature, payable semi-annually in arrears in May and November each year, and are due in November 2015. Under the 10 non-callable 5 basis feature, the Bank has the option to redeem the Bonds on the 5th anniversary or any semi-annual date thereafter. Should the Bank decide not to exercise its option to redeem the Bonds, the holders of the Bonds will be entitled to an annual incremental step-up profit rate ranging from 10 to 40 basis points from the beginning of the 6th year to the final maturity date.

(ii) On 15 May 2006, the Bank issued RM1.5 billion nominal value Islamic Subordinated Bonds under the Shariah principle of Bai' Bithaman Ajil. The Bonds are under a 12 non-callable 7 basis feature, payable semi-annually in arrears in May and November each year, and are due in May 2018. Under the 12 non-callable 7 basis feature, the Bank has the option to redeem the Bonds on the 7th anniversary or any semi-annual date thereafter. Should the Bank decide not to exercise its option to redeem the Bonds, the holders of the Bonds will be entitled to a permissible step-up profit rate ranging from 0 to 70 basis points from the beginning of the 8th year to the final maturity date.

(iii) On 11 April 2007, the Bank issued RM1.5 billion nominal value Subordinated Bonds payable semi-annually in arrears in April and October each year, subject to the revision of interest explained below and are due in 2017. The Bank may, subject to the prior consent of Bank Negara Malaysia, redeem the Notes, in whole but not in part, any time on or after the 5th anniversary of the issue date and on every semi-annual date thereafter at par together with accrued interest due on the redemption date. Should the Bank decide not to exercise its call option, the holders of the Bonds is entitled to a step-up in the coupon rate of 100 basis points from the beginning of the 6th year to the final maturity date.

(iv) On 25 April 2007, MBB Sukuk, the Issuer, (a Special Purpose Vehicle ("SPV") formed solely for the purpose of participating in this transaction and issuing the subordinated certificates) issued USD300 million Subordinated Certificates with a distribution rate based on 6 months LIBOR plus a margin of 0.33% per annum payable semi-annually in arrears in April and October each year. The proceeds from the Subordinated

25. SUBORDINATED OBLIGATIONS (CONT'D.)

(iv) (cont'd.)
Certificates are paid to Premier Sukuk, another SPV incorporated for this transaction, and ultimately paid to the Bank. In return, the Bank transfers the beneficial ownership of a portfolio of assets (comprising hire purchase contracts and cash) by way of an equitable assignment to Premier Sukuk and subsequently to the Issuer. The portfolio assets are managed by the Bank pursuant to a Management Agreement.

The Subordinated Certificates are due in 2017. The Issuer may, subject to the prior consent of Bank Negara Malaysia, redeem the Certificates, in whole but not in part, on the 5th anniversary of the issue date or at any semi-annual distribution payment date thereafter.

Should the Issuer decide not to exercise its call option, the Certificate holders are entitled to a step-up margin of 1.33% per annum from the beginning of the 6th year to the final maturity date.

The Certificate holders will have recourse on a subordinated basis to the Bank pursuant to the Sale and Purchase Undertaking Deeds.

(v) On 28 November 2008, the Bank ("Borrower") secured RM3.1 billion Tier 2 Capital Subordinated Term Loan Facility ("the Facility") for a term of fifteen (15) years from the drawdown date, with an option by the Borrower to redeem the Facility on the Optional Redemption Date or such other period as may be agreed between the Lender and Borrower. The Optional Redemption Date is the tenth (10th) anniversary from the drawdown date or any semi-annual interest payment date thereafter.

The Facility bears a fixed interest rate payment, payable semi-annually in arrears. On the 10th anniversary of the issue date, there will be a one-time step-up in the interest rate which shall be equivalent to the aggregate of one hundred (100) basis points and the then prevailing market rate to be agreed between the Lender and the Borrower based on the then Borrower's prevailing credit rating for a Tier 2 subordinated bond and upon having considered amongst others, the yield for a five (5) year bond maturity and last traded yields for Tier 2 subordinated bonds and other comparables of equivalent ratings.

The Facility qualifies as Tier 2 Capital of the Bank in accordance with the capital adequacy requirements issued by BNM.

The significant event detail is disclosed in Note 51(f) to the financial statements.

The coupon rates for all the Bonds and Subordinated Notes range between 4.00% and 6.13% per annum.

All the Bonds and Term Loan above constitute unsecured liabilities of the Bank and are subordinated to the senior indebtedness of the Bank in accordance with the respective terms and conditions of their issues.

(vi) On 28 April 2005, a subsidiary, BII, through its Cayman Island branch, issued USD 150,000,000 subordinated notes (the Subordinated Notes) which is listed on the Singapore Stock Exchange. The Subordinated Notes are unsecured and subordinated to all other obligations of BII. The Subordinated Notes will mature on 28 April 2015, with an option to call by BII on 28 April 2010 subject to an approval from Bank Indonesia.

The Subordinated Notes bear interest at the rate of 7.75% per annum, payable semi-annually in arrears on 28 April and 28 October. Unless previously redeemed, on 28 April 2010, the interest rate will be reset at the U.S. Treasury Rate plus 7.42% per annum from that date. The trustee of the Subordinated Notes issuance is The Bank of New York.

As at 30 June 2009, the ratings of the Subordinated Notes based on Moody's Investors Service Inc., Standard & Poor's Rating Group and Fitch Ratings Ltd. was Ba2, B and BB- (2008: Ba2, B- and BB-), respectively.

26. CAPITAL SECURITIES

		Group and Bank	
		2009 RM'000	2008 RM'000
RM3,500 million 6.85% Stapled Capital Securities ("NCPCS")	(i)	**3,500,000**	3,500,000
Less: Transaction cost		**(2,686)**	(2,686)
Add: Accumulated amortisation of transaction cost		**198**	2
		3,497,512	3,497,316
SGD600 million 6.00% Innovative Tier 1 Capital Securities ("SGD600m IT1CS")	(ii)	**1,458,960**	-
Less: Transaction cost		**(8,514)**	-
Add: Accumulated amortisation of transaction cost		**584**	-
		1,451,030	-
RM1,100 million 6.30% Innovative Tier 1 Capital Securities ("RM1.1b IT1CS")	(iii)	**1,100,000**	-
Less: Transaction cost		**(1,063)**	-
Add: Accumulated amortisation of transaction cost		**62**	-
		1,098,999	-
		6,047,541	3,497,316

(i) NCPCS

On 27 June 2008, the Group issued RM3,500 million in nominal value comprising:

(a) Non-Cumulative Perpetual Capital Securities ("NCPCS"), which are issued by the Bank and stapled to the Subordinated Notes described below; and

(b) Subordinated Notes ("Sub-Notes"), which are issued by Cekap Mentari Berhad ("CMB"), a wholly-owned subsidiary of the Bank,

(collectively known as "Stapled Capital Securities").

Until an assignment event occurs, the Stapled Capital Securities cannot be transferred, dealt with or traded separately. Upon occurrence of an assignment event, the Stapled Capital Securities will unstaple, leaving the investors to hold only the NCPCS while ownership of the Sub-Notes will be re-assigned to the Bank pursuant to a forward purchase contract entered into by the Bank. Unless there is an earlier occurrence of any other events stated under the terms of the Stapled Capital Securities, the assignment event would occur on the 20th interest payment date or 10 years from the issuance date of the Sub-Notes.

26. CAPITAL SECURITIES (CONT'D.)

(i) NCPCS (cont'd.)

Each of the NCPCS and Sub-Notes has a fixed interest rate of 6.85% per annum. However, the NCPCS distribution will not begin to accrue until the Sub-Notes are re-assigned to the Bank as referred to above. Thus effectively, the Stapled Capital Securities are issued by the Bank at a fixed rate of 6.85% per annum. Interest is payable semi-annually in arrears.

The NCPCS are issued in perpetuity unless redeemed under the terms of the NCPCS. The NCPCS are redeemable at the option of Maybank on the 20th interest payment date or 10 years from the issuance date of the Sub-Notes, or any NCPCS distribution date thereafter, subject to redemption conditions being satisfied. The Sub-Notes have a tenure of 30 years unless redeemed earlier under the terms of the Sub-Notes. The Sub-Notes are redeemable at the option of CMB on any interest payment date, which cannot be earlier than the occurrence of an assignment event, subject to redemption conditions being satisfied.

The Stapled Capital Securities comply with Bank Negara Malaysia's Guidelines on Non-Innovative Tier 1 capital instruments. They constitute unsecured and subordinated obligations of the Group. Claims in respect of the NCPCS rank pari passu and without preference among themselves, other Tier 1 capital securities of the Bank and with the most junior class of preference shares of the Bank but in priority to the rights and claims of the ordinary shareholders of the Bank. The Sub-Notes rank pari passu and without preference among themselves and with the most junior class of notes or preference shares of CMB.

An "assignment event" means the occurrence of any of the following events:

(a) The Bank is in breach of Bank Negara Malaysia's minimum capital adequacy ratio requirements applicable to the NCPCS Issuer; or

(b) Commencement of a winding up proceeding in respect of the Bank or CMB; or

(c) Appointment of an administrator in connection with a restructuring of the Bank; or

(d) Occurrence of a default of the NCPCS distribution payments or Sub-Note interest payments; or

(e) CMB ceases to be, directly or indirectly, a wholly-owned subsidiary of the Bank; or

(f) Bank Negara Malaysia requires that an assignment event occur; or

(g) The Bank elects that an assignment event occurs; or

(h) The 20th Interest Payment Date of the Sub-Notes; or

(i) 60 days after a regulatory event (means at any time there is more than an insubstantial risk, as determined by the Bank, that the NCPCS will no longer qualify as Non-Innovative Tier 1 capital of the Bank for the purposes of Bank Negara Malaysia's capital adequacy requirements under any applicable regulations) has occurred, subject to such regulatory event continuing to exist at the end of such 60 days; or

(j) Any deferral of interest payment of the Sub-Notes; or

(k) 30 years from the issue date of the Sub-Notes.

26. CAPITAL SECURITIES (CONT'D.)

(i) NCPCS (cont'd.)

In addition to the modes of redemption, the NCPCS and the Sub-Notes can be redeemed in the following circumstances:

(a) If the NCPCS and the Sub-Notes were issued for the purpose of funding a merger or acquisition which is subsequently aborted, at the option of the Bank and CMB subject to Bank Negara Malaysia's prior approval;

(b) At any time if there is more than an insubstantial risk in relation to changes in applicable tax regulations, as determined by the Bank or CMB, that could result in the Bank or CMB paying additional amounts or will no longer be able to deduct interest in respect of the Sub-Notes or the inter-company loan (between the Bank and CMB) for taxation purposes;

(c) At any time if there is more than an insubstantial risk in relation to changes in applicable regulatory capital requirements, as determined by the Bank or CMB, that could disqualify the NCPCS to be regarded as part of Non-Innovative Tier 1 capital for the purpose of regulatory capital requirements.

(ii) SGD600 million IT1CS

On 11 August 2008, the Bank issued SGD600 million IT1CS callable with step-up in 2018 at a fixed rate of 6.00%.

The SGD IT1CS bears a fixed interest rate payment from and including 11 August 2008 to (but excluding) 11 August 2018 (the First Reset Date), payable semi-annually in arrears on 11 February and 11 August in each year commencing on 11 February 2009. The SGD IT1CS has a principal stock settlement mechanism to redeem the IT1CS on the 60th year from the date of issuance. The Bank, however, has the option to redeem the IT1CS on the 10th anniversary of the issue date and on any interest payment date thereafter. On the 10th anniversary of the issue date, there will be a step-up in the interest rate to a floating rate, reset quarterly, at the initial credit spread plus 100 basis points above the three month SGD Swap Offer Rate.

The IT1CS will constitute direct, unsecured and subordinated obligations of the Bank and will rank pari passu and without any preference among themselves, and will rank pari passu with other Tier 1 securities.

The significant event detail is disclosed in Note 51(e)(i) to the financial statements.

(iii) RM1.1 billion IT1CS

On 25 September 2008, the Bank issued RM1.10 billion IT1CS callable with step-up in 2018 at a fixed rate of 6.30% under its RM4.0 billion Innovative Tier 1 Capital Securities. The RM1.1b IT1CS which matures on 25 September 2068 also bears a fixed interest rate and is callable on 25 September 2018 and on every interest payment date thereafter. On the 10th anniversary of the issue date, there will be a step-up in the interest rate to a floating rate, reset quarterly, at the initial credit spread plus 100 basis points above the Kuala Lumpur Inter-Bank Offer Rate for 3-months RM deposits.

The IT1CS will constitute direct, unsecured and subordinated obligations of the Bank and will rank pari passu and without any preference among themselves, and will rank pari passu with other Tier 1 securities.

The significant event detail is disclosed in Note 51(e)(ii) to the financial statements.

27. SHARE CAPITAL

	Number of Ordinary Shares of RM 1 each		Amount	
	2009 '000	2008 '000	2009 RM'000	2008 RM'000
Authorised:				
At 1 July 2008/2007	**10,000,000**	10,000,000	**10,000,000**	10,000,000
Created during the year	**-**	-	**-**	-
At 30 June 2009/2008	**10,000,000**	10,000,000	**10,000,000**	10,000,000
Issued and fully paid:				
At 1 July 2008/2007	**4,881,123**	3,889,225	**4,881,123**	3,889,225
Shares issued under the :				
- Rights Issue Exercise	**2,196,516**	-	**2,196,516**	-
- Bonus Issue	**-**	976,057	**-**	976,057
- Maybank Group Employee Share Option Scheme	**24**	15,841	**24**	15,841
At 30 June 2009/2008	**7,077,663**	4,881,123	**7,077,663**	4,881,123

During the year, the Bank increased its issued and paid-up capital from RM4,881,123,401 to RM7,077,663,368 via:

(a) issuance of 2,196,516,217 new ordinary shares of RM1.00 each pursuant to the rights issue on 30 April 2009, at an issue price of RM2.74 per rights share, on the basis of nine (9) Rights Shares for every twenty (20) existing ordinary shares of RM1.00 each held on 2 April 2009. The details are also disclosed in Note 51(g);

(b) issuance of approximately 23,750 new ordinary shares of RM1.00 each for cash, to eligible persons who exercised their options under the current Maybank Group Employee Share Option Scheme ("ESOS") which commenced on 26 August 2004, for a period of 5 years.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing shares of the Bank.

The terms of the current ESOS includes provision for the participation of non-executive directors. The maximum number of ordinary shares of RM1.00 each in the Bank available under the ESOS should not exceed 15% of the total number of issued and paid-up capital of the Bank at any point of time during the duration of the scheme. Other principal features of the ESOS are as follows:

(a) The employees eligible to participate in the ESOS must be employed and on the payroll of the Bank and its subsidiaries for a continuous period of at least twenty four (24) months including service during the probation period and is confirmed in service;

(b) The non-executive directors eligible to participate in the ESOS must have been a Non-Executive Director of the Group for a continuous period of at least twenty four (24) months;

(c) The entitlement under the ESOS for the Executive Directors and Non-Executive Directors, including any persons connected to the directors is subject to the approval of the shareholders of the Bank in a general meeting;

27. SHARE CAPITAL (CONT'D.)

(d) The ESOS shall be in force for a period of five (5) years from its commencement and no further options under the scheme will be granted thereafter unless the shareholders of the Bank in a general meeting agree to continue with the ESOS for a further period of five (5) years with or without variations, and subject to the approvals of relevant authorities, provided that the duration of the ESOS including any extension, if any, shall not exceed a total period of ten (10) years from its commencement;

(e) The new ordinary shares in the Bank allotted upon any exercise of options under the scheme will upon allotment, rank pari passu in all aspects with the then existing ordinary shares in the Bank, except that the new ordinary shares so issued will not rank for any dividends or other distribution declared, made or paid to shareholders prior to the date of allotment of such new ordinary shares, and will be subject to all the provisions of the Article of Association of the Bank relating to transfer, transmission and otherwise; and

(f) The subscription price shall be at a discount, within the limit allowed by the relevant authorities from time to time and shall be decided by the ESOS Committee at its discretion, to the weighted average market price of the shares as shown in the daily official list issued by Bursa Malaysia Securities Berhad for the five (5) market days immediately preceding the date of offer, but shall in no event be less than the par value of the shares.

(g) Pursuant to the bonus issue exercise of 1 new ordinary share for every 4 ordinary shares held during financial year ended 2008, the ESOS Committee has approved the corresponding adjustments be made to the unexercised options under the ESOS, which is in accordance with the Maybank Group ESOS By-Laws. The additional shares were allocated at no cost to the option holder.

Additional shares, calculated in the same ratio as the bonus issue (1 share for every 4 shares) would be allocated and kept in reserve until such time the option holders exercised the options, subject to the expiry of the option period on 26 August 2009.

(h) Pursuant to the rights issue exercise as disclosed in Note 51(g), the ESOS Committee has approved the corresponding adjustments be made to the unexercised option under the ESOS, which is in accordance with the Maybank Group ESOS By-Laws.

The following table illustrates the number and weighted average exercise price ("WAEP") of, and movements in, share options during the year:

2009	Number of Share Options						
		<---------- Movement During the Year ---------->					
Grant Date	Outstanding at 1 July 2008/2007 '000	Granted (Adjusted for Rights issue) '000	Exercised '000	Forfeited '000	Expired '000	Outstanding at 30 June 2009/2008 '000	Exercisable at 30 June 2009/2008 '000
1.9.2004	12,247	4,858	(16)	(105)	-	16,984	16,984
15.10.2004	3,402	1,600	(1)	(75)	-	4,926	4,926
30.6.2005	150	60	-	-	-	210	210
14.11.2005	7,824	2,724	(1)	(168)	-	10,379	10,379
14.11.2006	13,262	5,109	(1)	(480)	-	17,890	17,890
	36,885	14,351	(19)	(828)	-	50,389	50,389
WAEP	7.01	7.00	6.70	7.15	-	7.00	7.00

27. SHARE CAPITAL (CONT'D.)

2008	Number of Share Options						
	Outstanding at 1 July	<---------- Movement During the Year ---------->				Outstanding at 30 June	Exercisable at 30 June
Grant Date	2008/2007	Granted (Adjusted for Rights issue)	Exercised	Forfeited	Expired	2009/2008	2009/2008
	'000	'000	'000	'000	'000	'000	'000
1.9.2004	20,421	-	(5,342)	(2,832)	-	12,247	12,247
15.10.2004	5,043	-	(1,397)	(244)	-	3,402	3,402
30.6.2005	150	-	-	-	-	150	150
14.11.2005	10,912	-	(2,982)	(106)	-	7,824	7,824
14.11.2006	19,436	139*	(5,954)	(359)	-	13,262	13,262
	55,962	139	(15,675)	(3,541)	-	36,885	36,885
WAEP	9.76	10.19	9.78	9.39	-	9.79	9.79

* Reinstatement of the share allotments to 8 employees under the 4th ESOS Offer.

(i) Details of share options outstanding at the end of the year:

Grant Date	Exercise Price RM	Exercise Period
2009		
1.9.2004	**6.61**	**1.9.2004 - 25.8.2009**
15.10.2004	**7.07**	**15.10.2004 - 25.8.2009**
30.6.2005	**7.58**	**6.1.2005 - 25.8.2009**
14.11.2005	**7.10**	**14.11.2005 - 25.8.2009**
14.11.2006	**7.30**	**14.11.2006 - 25.8.2009**
2008		
1.9.2004	9.23	1.9.2004 - 25.8.2009
15.10.2004	9.87	15.10.2004 - 25.8.2009
30.6.2005	10.58	6.1.2005 - 25.8.2009
14.11.2005	9.92	14.11.2005 - 25.8.2009
14.11.2006	10.19	14.11.2006 - 25.8.2009

(ii) Share options exercised during the year

As disclosed above, options exercised during the year resulted in the issuance of approximately 23,750 (2008: 15,841,000) ordinary shares at an average price of RM6.70 (2008: RM9.78) each. The related weighted average share price at the date of exercise was RM6.59 (2008: RM9.10).

27. SHARE CAPITAL (CONT'D.)

(iii) Fair value of share options granted on 14.11.2006

The fair value of share options granted on 14.11.2006 was estimated by an external valuer using a trinomial model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured and the assumptions were as follows:

Fair value of share options at 14.11.2006 at (RM)	1.38
Weighted average share price (RM)	11.50
Weighted average exercise price (RM)	10.19
Expected volatility (%)	14.26%
Expected life (years)	1 - 2.8
Risk free rate (%)	3.63%
Expected dividend yield (%)	5.50%

The expected life of the options was based on historical data and was not necessarily indicative of exercise patterns that may occur. The expected volatility reflected the assumption that the historical volatility were indicative of future trends, which may also not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

28. RESERVES

		Group		Bank	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Non-distributable:					
Share premium		**5,901,692**	2,097,011	**5,901,692**	2,097,011
Statutory reserves	(i)	**4,664,983**	4,573,636	**4,483,770**	4,483,770
Capital reserve	(iii)	**15,250**	15,250	**-**	-
Unrealised holding reserve		**(148,388)**	(416,340)	**(83,433)**	(400,753)
Exchange fluctuation reserve		**(666,885)**	(41,752)	**139,771**	94,730
Share option reserve		**63,191**	63,069	**63,191**	63,069
Revaluation reserve		**2,742**	-	**-**	-
		9,832,585	6,290,874	**10,504,991**	6,337,827
Distributable:					
Retained profits (Note 29)		**7,988,498**	8,130,496	**4,927,790**	5,981,365
Total reserves		**17,821,083**	14,421,370	**15,432,781**	12,319,192

(i) The statutory reserves are maintained in compliance with the requirements of Bank Negara Malaysia and certain Central Banks of the respective countries in which the Group and the Bank operate and are not distributable as cash dividends.

28. RESERVES (CONT'D.)

(ii) The capital reserve of the Group arose from the capitalisation of bonus issue in certain subsidiaries in previous years.

(iii) Revaluation reserve relate to the transfer of self-occupied properties to investment properties by virtue of the change on intention.

29. RETAINED PROFITS

Prior to the year of assessment 2008, Malaysian companies adopt the full imputation system. In accordance with the Finance Act, 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the Section 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act, 2007.

The Bank did not elect for the irrevocable option to disregard the Section 108 balance. Accordingly, during the transitional period, the Bank may utilise the credit in the Section 108 balance as at 30 June 2009 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act, 2007. As at 30 June 2009, the Bank has sufficient credit in the Section 108 balance to pay franked dividends out of its entire retained earnings.

30. OPERATING REVENUE

Operating revenue of the Group comprises all types of revenue derived from the businesses of banking, income from Islamic Banking Scheme operations, finance, general and life insurance (including takaful), stock broking, discount house, leasing and factoring, trustee and nominee services, asset management and venture capital but excluding all transactions between related companies.

Operating revenue of the Bank comprises gross interest income, fee and commission income, investment income, gross dividends and other income derived from banking and finance operations.

31. INTEREST INCOME

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Loans, advances and financing				
- Interest income other than recoveries from NPL	**8,619,354**	7,197,257	**7,002,039**	6,920,273
- Recoveries from NPL	**234,581**	316,669	**232,954**	309,929
Money at call and deposits and placements with financial institutions	**798,125**	1,827,402	**855,066**	1,824,111
Securities purchased under resale agreements	**4,830**	6,466	**375**	3,355
Securities held-for-trading	**30,502**	53,067	**11,219**	27,368
Securities available-for-sale	**1,771,858**	1,289,469	**1,427,633**	1,094,644
Securities held-to-maturity	**162,510**	85,053	**79,133**	72,161
	11,621,760	10,775,383	**9,608,419**	10,251,841

31. INTEREST INCOME (CONT'D.)

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Amortisation of premiums less accretion of discounts	**(2,738)**	28,784	**(24,928)**	(1,697)
Net interest income clawed back/suspended	**(49,159)**	(48,300)	**(49,159)**	(48,300)
	11,569,863	10,755,867	**9,534,332**	10,201,844

32. INTEREST EXPENSE

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Deposits and placements of banks and other financial institutions	**816,055**	1,047,354	**826,609**	1,182,118
Deposits from other customers	**3,989,735**	3,926,808	**2,969,183**	3,475,955
Loans sold to Cagamas	**28,584**	72,663	**28,584**	72,663
Floating rate certificates of deposits	**9,364**	19,319	**9,364**	19,319
Borrowings	**104,133**	63,201	**32,794**	63,201
Subordinated notes	**110,687**	63,442	**110,687**	63,442
Subordinated bonds	**217,027**	134,269	**179,800**	134,269
Capital Securities	**371,578**	1,972	**371,578**	1,972
Others	**3,194**	50	**36**	50
	5,650,357	5,329,078	**4,528,635**	5,012,989

33. NON-INTEREST INCOME

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Fee income:				
Commission	**806,543**	769,047	**730,599**	762,618
Service charges and fees	**935,103**	721,267	**694,547**	627,271
Guarantee fees	**127,171**	110,954	**116,409**	110,742
Underwriting fees	**38,363**	19,233	**12,953**	5,051
Brokerage income	**53,974**	84,547	**-**	-
Other fee income	**96,361**	70,347	**79,381**	53,561
	2,057,515	1,775,395	**1,633,889**	1,559,243

33. NON-INTEREST INCOME (CONT'D.)

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Investment income:				
Net (loss)/gain from sale of held-for-trading securities	**(27,505)**	(37,087)	**18,705**	(26,502)
Net gain from sale of available-for-sale securities	**141,743**	190,535	**133,263**	125,343
Net gain/(loss) from redemption of held-to-maturity securities	**750**	(57)	**612**	(273)
Loss from disposal of associates	**-**	(300)	**-**	(1,800)
Gain from disposal of subsidiaries	**-**	-	**-**	5,487
	114,988	153,091	**152,580**	102,255
Gross dividends from:				
Securities available-for-sale				
- Quoted outside Malaysia	**1,880**	2,331	**39**	-
- Quoted in Malaysia	**19,704**	24,720	**8,165**	8,269
- Unquoted outside Malaysia	**2,430**	3,846	**1,067**	461
- Unquoted in Malaysia	**5,958**	9,598	**5,510**	9,425
Subsidiaries in Malaysia	**-**	-	**647,448**	10,065
	29,972	40,495	**662,229**	28,220
Unrealised loss on revaluation of securities held-for-trading and derivatives	**(171,880)**	(200,434)	**(206,122)**	(167,983)
Other income:				
Foreign exchange gain	**437,143**	623,155	**342,734**	604,377
Net premiums written	**505,267**	479,603	**-**	-
Rental income	**24,891**	17,678	**24,459**	16,708
Gain on disposal of property, plant and equipment	**16,585**	14,608	**8,238**	10,020
Gain on disposal of foreclosed properties	**13,285**	1,464	**-**	-
Other operating income	**306,230**	225,299	**40,543**	9,854
Other non-operating income	**41,194**	41,422	**46,510**	45,918
	1,344,595	1,403,229	**462,484**	686,877
	3,375,190	3,171,776	**2,705,060**	2,208,612

34. OVERHEAD EXPENSES

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Personnel expenses				
- Salaries, allowances and bonuses	**2,062,684**	1,493,486	**1,636,271**	1,253,467
- Social security cost	**13,522**	11,741	**12,577**	9,983
- Pension costs - Defined contribution plan	**242,585**	218,178	**222,531**	184,547
- Share options granted under ESOS	**122**	1,841	**88**	1,357
- Other remuneration paid and payable to former directors	**1,853**	-	**1,728**	-
- Other staff related expenses	**233,192**	221,159	**163,850**	160,530
Sub-total	**2,553,958**	1,946,405	**2,037,045**	1,609,884
Establishment costs				
- Depreciation of property, plant and equipment (Note 16)	**146,167**	134,281	**103,312**	115,668
- Amortisation of Core Deposit Intangibles (Note 17(b))	**71,737**	-	**-**	-
- Amortisation of computer software (Note 17(c))	**58,884**	48,046	**44,437**	42,532
- Amortisation of Prepaid Land Lease Payment (Note 11(a))	**1,746**	1,648	**1,227**	1,211
- Rental of leasehold land and premises	**131,417**	68,186	**76,629**	66,570
- Repairs and maintenance of property, plant and equipment	**108,446**	76,573	**68,930**	66,686
- Information technology expenses	**480,027**	397,940	**436,449**	317,524
- Fair value adjustment on investment properties (Note 12)	**136**	-	**-**	-
- Others	**43,750**	23,616	**11,296**	12,612
Sub-total	**1,042,310**	750,290	**742,280**	622,803
Marketing costs				
- Advertisement and publicity	**347,211**	331,606	**249,867**	245,535
- Others	**85,732**	87,656	**80,257**	76,755
Sub-total	**432,943**	419,262	**330,124**	322,290
Administration and general expenses				
- Fees and brokerage	**509,763**	429,232	**491,416**	413,347
- Administrative expenses	**358,959**	234,278	**219,991**	191,792
- General expenses	**306,004**	183,132	**180,913**	170,806
- Others	**46,608**	35,349	**41,580**	34,876
Sub-total	**1,221,334**	881,991	**933,900**	810,821
Insurance claims incurred	**308,620**	250,661	**-**	-
Overhead expenses allocated to subsidiary company	**-**	-	**(306,706)**	(157,481)
Total	**5,559,165**	4,248,609	**3,736,643**	3,208,317

34. OVERHEAD EXPENSES (CONT'D.)

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Included in overhead expenses are:				
Directors' fees and remuneration (Note 35)	**8,647**	16,521	**3,745**	10,021
Rental of equipment	**5,157**	6,498	**3,718**	3,411
Direct operating expenses of investment properties:				
- Revenue generating	**13**	35	**-**	-
Auditors' remuneration:				
Statutory audit *:				
- Malaysia	**3,814**	3,344	**2,050**	1,870
- Overseas	**4,276**	2,785	**1,941**	2,411
Other services	**5,043**	1,367	**4,738**	955
Prepaid land lease payment written off (Note 11(a))	**8,625**	-	**-**	-
Property, plant and equipment written off (Note 16)	**18,482**	3,058	**192**	228

* Included in statutory audit fees overseas is fee paid to accounting firms other than the Bank`s auditors amounting to RM1,969,000 (2008: RM992,000).

35. DIRECTORS' FEES AND REMUNERATION

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Directors of the Bank:				
Executive directors:				
Salary	**1,340**	1,943	**1,340**	1,943
Fees	**105**	399	**0**	142
Bonuses	**260**	2,080	**260**	2,080
Pension cost - defined contribution plan	**306**	730	**306**	730
Share options granted under ESOS	**-**	86	**-**	86
Retirement gratuity	**-**	2,997	**-**	2,997
Other remuneration	**53**	58	**116**	30
Estimated money value of benefits-in-kind	**57**	136	**57**	136
	2,121	8,429	**2,079**	8,144

35. DIRECTORS' FEES AND REMUNERATION (CONT'D.)

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Directors of the Bank: (cont'd.)				
Non-executive directors:				
Fees	**1,523**	1,756	**994**	1,117
Pension cost - defined contribution plan	**59**	59	**59**	59
Share options granted under ESOS	**17**	195	**17**	195
Other remuneration	**862**	818	**653**	642
Estimated money value of benefits-in-kind	**56**	36	**56**	36
	2,517	2,864	**1,779**	2,049
Subtotal for directors of the Bank	**4,638**	11,293	**3,858**	10,193
Directors of the subsidiaries:				
Executive directors:				
Salary and other remuneration, including meeting allowance	**2,604**	2,758	**-**	-
Bonuses	**327**	1,405	**-**	-
Pension cost - defined contribution plan	**366**	375	**-**	-
Share options granted under ESOS	**-**	4	**-**	-
Estimated money value of benefits-in-kind	**18**	15	**-**	-
	3,315	4,557	**-**	-
Non-executive directors:				
Fees	**517**	620	**-**	-
Share options granted under ESOS	**303**	164	**-**	-
Other remuneration	**5**	74	**-**	-
	825	858	**-**	-
Subtotal for directors of the subsidiaries	**4,140**	5,415	**-**	-
Total	**8,778**	16,708	**3,858**	10,193
Total (excluding benefits-in-kind)	**8,647**	16,521	**3,745**	10,021

35. DIRECTORS' FEES AND REMUNERATION (CONT'D.)

The remuneration attributable to the President/Chief Executive Officer of the Bank including benefits-in-kind during the year amounted to RM1,416,996 (2008: RM5,122,218). Prior year remuneration includes a gratuity of RM2,290,056 which was paid to the former President/Chief Executive Officer of the Bank.

The total directors' fees and remuneration of the Group above has excluded the amount of RM152,527 (2008: RM504,253) which has been allocated to the life, general takaful and family takaful funds.

The total remuneration (including BIK) of the Directors of the Bank are as follows:

	Remuneration received from the Bank								Remuneration received from Subsidiaries Company					
2009	Salary RM'000	Fees RM'000	Bonus RM'000	Pension Cost RM'000	Other Emolument* RM'000	Benefits In Kind ESOS RM'000	Benefits In Kind Others RM'000	Bank Total RM'000	Fees RM'000	Other Emolument RM'000	Benefits In Kind ESOS RM'000	Benefits In Kind Others RM'000	Subsid Total RM'000	Group Total RM'000
Executive Directors:														
Dato' Sri Abdul Wahid bin Omar	1,080	-	-	220	18	-	54	1,372	40	2	-	-	42	1,414
Dato' Aminuddin Md Desa	260	0	260	86	98	-	3	707	-	-	-	-	-	707
	1,340	0	260	306	116	-	57	2,079	40	2	-	-	42	2,121
Non-Executive Directors:														
Y Bhg Tan Sri Mohamed Basir bin Ahmad	-	133	-	59	292	3	35	522	75	93	-	-	168	690
Dato' Richard Ho Ung Hun	-	-	-	-	-	2	-	2	12	-	-	-	12	14
YM Raja Tan Sri Muhammad Alias Raja Muhd Ali	-	-	-	-	-	2	-	2	-	-	-	-	-	2
Mohammad bin Abdullah	-	-	-	-	-	2	-	2	59	-	-	-	59	61
Tuan Hj Mohd Hashir bin Hj Abdullah	-	150	-	-	86	2	-	238	71	5	-	-	76	314
Teh Soon Poh	-	31	-	-	20	2	-	53	57	43	-	-	100	153
Datuk Haji Abdul Rahman bin Mohd Ramli	-	104	-	-	45	2	-	151	67	22	-	-	89	240
Tan Sri Dato' Megat Zaharuddin bin Megat Mohd Nor	-	84	-	-	22	-	-	106	70	10	-	-	80	186
Dato' Zainun Aishah binti Ahmad	-	150	-	-	67	-	-	217	15	1	-	-	16	233
Datuk Syed Tamim Ansari Syed Mohamed	-	134	-	-	49	-	-	183	75	18	-	-	93	276
Tan Sri Dato' Sri Chua Hock Chin	-	131	-	-	32	-	-	163	-	-	-	-	-	163
Spencer Lee Tien Chye	-	76	-	-	43	-	21	140	30	15	-	-	45	185
	-	993	-	59	656	15	56	1,779	531	207	-	-	738	2,517
Total Directors Remuneration	1,340	993	260	365	772	15	113	3,858	571	209	-	-	780	4,638

35. DIRECTORS' FEES AND REMUNERATION (CONT'D.)

2008	Remuneration received from the Bank							Remuneration received from Subsidiaries Company					
	Salary RM'000	Fees RM'000	Bonus RM'000	Other Emolument* RM'000	Benefits In Kind ESOS RM'000	Benefits In Kind Others RM'000	Bank Total RM'000	Fees RM'000	Other Emolument RM'000	Benefits In Kind ESOS RM'000	Benefits In Kind Others RM'000	Subsid Total RM'000	Group Total RM'000
Executive Directors:													
Dato' Sri Abdul Wahid bin Omar (appointed with effect from 1 May 2008)	180	-	-	40	-	5	225	-	-	-	-	-	225
Dato' Aminuddin Md Desa	455	-	-	60	-	12	527	108	13	-	-	121	648
Y Bhg Datuk Amirsham A. Aziz	821	84	1,170	3,418	51	23	5,567	85	4	-	-	89	5,656
Dato' Mohammed Hussein	488	58	910	237	34	98	1,825	64	11	-	-	75	1,900
	1,944	142	2,080	3,755	85	138	8,144	257	28	-	-	285	8,429
Non-Executive Directors:													
Y Bhg Tan Sri Mohamed Basir bin Ahmad	-	133	-	343	32	36	544	107	46	-	-	153	697
Dato' Richard Ho Ung Hun	-	33	-	11	28	-	72	50	2	-	-	52	124
YM Raja Tan Sri Muhammad Alias Raja Muhd Ali	-	36	-	7	27	-	70	11	2	-	-	13	83
Mohammad bin Abdullah	-	36	-	7	27	-	70	77	2	-	-	79	149
Tuan Hj Mohd Hashir bin Hj Abdullah	-	144	-	67	27	-	238	76	14	-	-	90	328
Teh Soon Poh	-	134	-	70	27	-	231	56	57	-	-	113	344
Datuk Haji Abdul Rahman bin Mohd Ramli	-	137	-	58	27	-	222	70	25	-	-	95	317
Tan Sri Dato' Megat Zaharuddin bin Megat Mohd Nor	-	131	-	24	-	-	155	154	18	-	-	172	327
Dato' Zainun Aishah binti Ahmad	-	142	-	58	-	-	200	15	3	-	-	18	218
Datuk Syed Tamim Ansari Syed Mohamed	-	94	-	30	-	-	124	24	6	-	-	30	154
Tan Sri Dato' Sri Chua Hock Chin	-	97	-	26	-	-	123	-	-	-	-	-	123
	-	1,117	-	701	195	36	2,049	640	175	-	-	815	2,864
Total Directors Remuneration	1,944	1,259	2,080	4,456	280	174	10,193	897	203	-	-	1,100	11,293

* Includes duty allowances, social allowance, leave passage, staff mess, EPF, retention sum and retirement gratuity.

36. ALLOWANCES FOR LOSSES ON LOAN, ADVANCES AND FINANCING

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Allowance for bad and doubtful debts and financing:				
- Specific:				
Made in the year	**2,088,853**	1,649,562	**1,337,489**	1,298,604
Written back	**(475,569)**	(766,333)	**(396,612)**	(582,817)
Net	**1,613,284**	883,229	**940,877**	715,787
- General	**317,244**	415,169	**202,599**	398,273
Bad debts and financing:				
- Written off	**5,694**	45,169	**5,391**	44,442
- Recovered *	**(517,931)**	(532,085)	**(366,408)**	(499,679)
	1,418,291	811,482	**782,459**	658,823

36. ALLOWANCES FOR LOSSES ON LOAN, ADVANCES AND FINANCING (CONT'D.)

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Provision/(write back) of provision for other debts	**280,523**	(1,421)	**283,380**	5,653
	1,698,814	810,061	**1,065,839**	664,476

* Included in prior year's bad debts and financing recovered is an amount of RM139,291,046 relating to gain on sale of non-performing loans completed and transferred on 17 April 2008.

37. IMPAIRMENT LOSSES/(WRITEBACK OF IMPAIRMENT LOSSES), NET

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Impairment/(write back of impairment) losses in securities, net	**197,441**	(67,082)	**221,103**	(106,609)
Impairment of property, plant and equipment (Note 16)	**232**	134	**-**	-
(Writeback)/Impairment of prepaid land lease payment (Note 11(a))	**(184)**	184	**-**	-
Computer software written off (Note 17(c))	**-**	529	**-**	-
	197,489	(66,235)	**221,103**	(106,609)

38. TAXATION AND ZAKAT

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Malaysian income tax	**1,033,106**	1,141,589	**820,507**	899,636
Foreign tax	**111,446**	105,215	**48,974**	99,502
Less: Double taxation relief	**(49,083)**	(98,639)	**(49,083)**	(97,652)
	1,095,469	1,148,165	**820,398**	901,486
Overprovision in respect of prior years:				
Malaysian income tax	**(25,759)**	(131,897)	**-**	(189,813)
	1,069,710	1,016,268	**820,398**	711,673
Deferred tax (Note 23):				
Relating to originating and reversal of temporary differences (net)	**(198,462)**	23,715	**(146,187)**	64,066
Relating to changes in tax rates	**41,621**	41,547	**40,836**	40,219
Over provision in prior years	**(803)**	(1,381)	**(803)**	(1,348)
	(157,644)	63,881	**(106,154)**	102,937
Tax expense for the year	**912,066**	1,080,149	**714,244**	814,610
Zakat	**11,512**	3,581	**-**	-
	923,578	1,083,730	**714,244**	814,610

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2008: 26%) of the estimated chargeable profit for the year. The computation of deferred tax as at 30 June 2009 has reflected these changes.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

38. TAXATION AND ZAKAT (CONT'D.)

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Bank is as follows:

	2009 RM'000	2008 RM'000
Group		
Profit before taxation	**1,674,292**	4,086,070
Taxation at Malaysian statutory tax rate of 25% (2008: 26%)	**418,573**	1,062,378
Different tax rates in other countries	**173**	6,575
Effect of changes in tax rates on opening balance of deferred tax	**41,621**	41,547
Income not subject to tax	**(181,696)**	(64,519)
Expenses not deductible for tax purposes	**659,957**	167,202
Deferred tax assets not recognised during the year	**-**	244
Over provision in deferred tax in prior years	**(803)**	(1,381)
Over provision in prior years	**(25,759)**	(131,897)
Tax expense for the year	**912,066**	1,080,149
Bank		
Profit before taxation	**383,079**	3,118,575
Taxation at Malaysian statutory tax rate of 25% (2008: 26%)	**95,770**	810,830
Different tax rates in other countries	**(109)**	1,850
Effect of changes in tax rates on opening balance of deferred tax	**40,836**	40,219
Income not subject to tax	**(218,232)**	(5,910)
Expenses not deductible for tax purposes	**796,782**	158,782
Over provision in deferred tax in prior years	**(803)**	(1,348)
Over provision in tax expense in prior years	**-**	(189,813)
Tax expense for the year	**714,244**	814,610
Group		
Tax savings recognised during the year arising from:		
Utilisation of current year absorbed capital allowance	**-**	307
Utilisation of unabsorbed capital allowances previously not recognised	**-**	20,546

39. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

(a) In addition to the transactions detailed else where in the financial statements, the Group and the Bank has the following transactions with related parties during the financial year:

	Bank	
	2009 RM'000	**2008 RM'000**
Transactions with subsidiaries and associates:		
Income:		
Interest on deposits	**253,088**	194,088
Dividend income	**947,739**	198,606
Rental of premises	**2,418**	2,441
Other income	**427,152**	214,337
	1,630,397	609,472
Expenditure:		
Interest on deposits	**347,597**	194,360
Other expenses	**28,964**	20,819
	376,561	215,179
Other transactions:		
Acquisition of unquoted private debt securities with face value of RM5,229,000,000 (2008: RM3,832,000,000) from a subsidiary company	**5,229,941**	3,841,728
Disposal of investment property from Double Care Sdn. Bhd. to life, general takaful and family takaful funds	**-**	37,000

(b) Included in the balance sheet of the Bank are amounts due from/(to) subsidiaries represented by the following:

	Bank	
	2009 RM'000	**2008 RM'000**
Amounts due from subsidiaries:		
Current accounts and deposits	**2,636,763**	2,647,299
Negotiable Instruments Deposits	**3,250,737**	3,548,013
Interest and other receivable on deposits	**813,652**	185,380
	6,701,152	6,380,692

39. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)

	Bank	
	2009 RM'000	2008 RM'000
Amounts due to subsidiaries:		
Current accounts and deposits	**2,541,963**	2,777,537
Negotiable Instruments Deposits	**38,060**	203,342
Private Debt Securities	**19,460**	38,589
Interest payable on deposits	**11,343**	17,247
Deposits and other creditors	**5,133,702**	6,143,056
	7,744,528	9,179,771

(c) Key management personnel compensation

The remuneration of directors and other members of key management during the year are as follows:

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Short-term employee benefits				
- Fees	**2,420**	3,248	**1,059**	1,260
- Salaries, allowances and bonuses	**7,610**	10,675	**2,215**	4,626
- Contribution to Employees Provident Fund (EPF)	**960**	1,425	**365**	788
- Other staff benefits	**374**	545	**202**	242
Share-based payment				
- ESOS expense	**22**	463	**17**	280
Post employment benefits				
- Retirement gratuity	**-**	2,997	**-**	2,997
	11,386	19,353	**3,858**	10,193

Included in the total key management personnel compensation are:

	Note	Group		Bank	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Directors' remuneration including benefits-in-kind	35	**8,778**	16,708	**3,858**	10,193

39. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)

The movement in share options of key management personnel is as follows:

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
At 1 July	**1,451**	2,356	**931**	1,560
Granted	**575**	-	**369**	-
Exercised	**-**	(905)	**-**	(629)
Forfeited	**-**	-	**-**	-
Expired	**-**	-	**-**	-
At 30 June	**2,026**	1,451	**1,300**	931

The share options were granted on the same terms and conditions as those offered to other employees of the Group, as disclosed in Note 27.

(d) Credit exposure arising from credit transactions with connected parties

	2009
Outstanding credit exposure with connected parties (RM'000)	**1,149,144**
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	**2.6%**
Percentage of outstanding credit exposures to connected parties which is non-performing or in default	**0.6%**

The credit exposure above are derived based on Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties, which are effective on 1 January 2008.

40. EARNINGS PER SHARE (EPS)

(a) Basic

The basic EPS of the Group and the Bank are calculated by dividing the net profit/(loss) for the year by the weighted average number of ordinary shares in issue during the financial year.

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Profit/(loss) for the year attributable to equity holders of the Bank (RM'000)	**691,875**	2,928,202	**(331,165)**	2,373,152
Weighted average number of ordinary shares in issue ('000) *	**5,763,330**	5,492,259	**5,767,330**	5,492,259
Basic Earnings/(loss) per share (sen)	**12.0**	53.3	**(5.7)**	43.2

40. EARNINGS PER SHARE (EPS)

(b) Diluted

The diluted EPS of the Group and the Bank is calculated by dividing the net profit/(loss) for the financial year by the weighted average number of ordinary shares in issue, which has been adjusted for the number of shares that could have been issued under the ESOS.

In the diluted EPS calculation, it was assumed that the share options were exercised into ordinary shares. A calculation is done to determine the number of shares that could have been issued at fair value (determined as the average price of the Bank's shares during the financial year) based on the monetary value of the subscription rights attached to the outstanding share options. This calculation serves to determine the number of dilutive shares to be added to the weighted average ordinary shares in issue for the purpose of computing the dilution. No adjustment was made to the net profit/(loss) for the financial year.

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Profit/(loss) for the year attributable to equity holders of the Bank (RM'000)	**691,875**	2,928,202	**(331,165)**	2,373,152
Weighted average number of ordinary shares in issue *	**5,763,330**	5,492,259	**5,763,330**	5,492,259
Fully diluted Earnings/(loss) per share (sen)	**12.0**	53.3	**(5.7)**	43.2

* No dilution effect during the current and prior years. The weighted average number of ordinary shares in issue has been adjusted for rights issue completed on 30 April 2009 for current and prior years.

41. DIVIDENDS

	Group and Bank		Net Dividend Per Share	
	2009 RM'000	2008 RM'000	2009 sen	2008 sen
Final dividend of 40% less 27% taxation in respect of the year ended 30 June 2007	**-**	1,137,379	**-**	29.2
First interim dividend of 17.5% less 26% taxation in respect of year ended 30 June 2008	**-**	504,736	**-**	13.0
Second interim dividend of 15% less 26% taxation in respect of year ended 30 June 2008	**-**	541,793	**-**	11.1
Final dividend of 20% less 26% taxation in respect of year ended 30 June 2008	**722,410**	-	**14.8**	-
	722,410	2,183,908	**14.8**	53.3

41. DIVIDENDS (CONT'D.)

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 30 June 2009 of 8% less 25% taxation on 7,077,663,368 ordinary shares, amounting to a net dividend payable of RM424,659,802 (6 sen net per ordinary share) will be proposed for the shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the next financial year ending 30 June 2010.

42. COMMITMENTS AND CONTINGENCIES

(a) In the normal course of business, the Bank and its subsidiaries make various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

The risk-weighted exposures of the Bank and its subsidiaries as at 30 June, are as follows:

Group	2009 Notional amount RM'000	2009 Credit equivalent amount* RM'000	2009 Risk weighted amount* RM'000	2008 Notional amount RM'000	2008 Credit equivalent amount* RM'000	2008 Risk weighted amount* RM'000
Direct credit substitutes	**5,522,375**	**5,405,725**	**4,679,210**	5,374,494	5,374,494	4,926,774
Certain transaction-related contingent items	**10,646,667**	**5,323,022**	**4,534,832**	9,764,496	4,888,972	4,538,086
Short-term self-liquidating trade-related contingencies	**3,872,594**	**774,517**	**606,889**	5,030,235	1,000,050	616,592
Islamic housing and hire purchase loans sold to Cagamas Berhad	**583,373**	**583,373**	**425,839**	1,013,603	1,013,603	800,474
Obligations under underwriting agreements	**173,464**	**71,732**	**28,418**	377,364	91,182	73,182
Irrevocable commitments to extend credit:						
- maturity within one year	**92,604,558**	**-**	**-**	67,183,070	-	-
- maturity exceeding one year	**10,591,443**	**5,292,850**	**5,058,822**	9,993,821	4,996,911	4,829,304
Foreign exchange related contracts:						
- less than one year	**34,706,290**	**602,904**	**168,954**	55,082,330	668,355	281,824
- one year to less than five years	**1,534,291**	**24,257**	**7,544**	986,785	44,714	4,560
Interest rate related contracts:						
- less than one year	**36,831,395**	**1,304,947**	**312,414**	25,007,333	813,158	226,585
- one year to less than five years	**16,002,460**	**413,918**	**168,113**	16,760,168	431,902	295,928
- five years and above	**3,059,040**	**482,663**	**136,188**	2,679,826	175,229	125,918
Miscellaneous	**5,458,752**	**-**	**-**	4,963,237	-	-
	221,586,702	**20,279,908**	**16,127,223**	204,216,762	19,498,570	16,719,227

42. COMMITMENTS AND CONTINGENCIES (CONT'D.)

Bank	2009 Notional amount RM'000	2009 Credit equivalent amount* RM'000	2009 Risk weighted amount* RM'000	2008 Notional amount RM'000	2008 Credit equivalent amount* RM'000	2008 Risk weighted amount* RM'000
Direct credit substitutes	**4,056,691**	**4,056,691**	**3,599,815**	4,488,159	4,488,159	4,152,957
Certain transaction-related contingent items	**9,921,241**	**4,960,621**	**4,213,174**	9,095,796	4,547,896	4,244,422
Short-term self-liquidating trade-related contingencies	**3,687,521**	**737,504**	**582,565**	4,661,882	932,376	561,818
Obligations under underwriting agreements	**143,464**	**71,732**	**28,418**	182,364	91,182	73,182
Irrevocable commitments to extend credit:						
- maturity within one year	**79,615,789**	**-**	**-**	60,803,246	-	-
- maturity exceeding one year	**9,956,770**	**4,978,385**	**4,892,330**	9,558,044	4,779,022	4,724,882
Foreign exchange related contracts:						
- less than one year	**33,188,225**	**602,904**	**168,954**	55,082,330	667,830	281,824
- one year to less than five years	**1,534,292**	**24,257**	**7,544**	986,785	13,164	4,560
Interest rate related contracts:						
- less than one year	**36,511,553**	**1,294,415**	**308,835**	24,063,151	813,048	226,428
- one year to less than five years	**14,926,617**	**387,938**	**160,141**	15,728,681	404,554	265,918
- five years and above	**2,873,570**	**474,618**	**132,166**	2,571,142	161,917	119,261
Miscellaneous	**5,438,145**	**-**	**-**	4,857,813	-	-
	201,853,878	**17,589,065**	**14,093,942**	192,079,393	16,899,148	14,655,252

* The credit equivalent amount and the risk weighted amount are arrived at using the credit conversion factors and risk weights, respectively as specified by Bank Negara Malaysia.

The Group is contingently liable in respect of Islamic housing and hire purchase loans sold to Cagamas Berhad on the condition that they undertake to administer the loans on behalf of Cagamas Berhad and to buy back any loans which are regarded as defective based on pre-determined and agreed-upon prudential criteria.

42. COMMITMENTS AND CONTINGENCIES (CONT'D.)

Foreign exchange and interest rate related contracts are subject to market risk and credit risk. Principal amounts of the foreign exchange related contracts and interest rate related contracts are as follows:

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Foreign exchange related contracts:				
- Forward contracts	**12,570,470**	13,644,197	**11,052,406**	13,644,197
- Swaps	**21,750,058**	39,531,712	**21,750,058**	39,531,712
- Options	**1,920,053**	2,893,206	**1,920,053**	2,893,206
Interest rate related contracts:				
- Futures contracts	**-**	100,000	**-**	100,000
- Swaps	**55,892,895**	44,347,327	**54,311,740**	42,262,974
	92,133,476	100,516,442	**89,034,257**	98,432,089

Market risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions.

Credit risk

Credit risk arises from the possibility that a counterparty may be unable to meet the terms of a contract in which the Bank and certain subsidiaries have a gain position. This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

As at 30 June, the amounts of market risk and credit risk are as follows:

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Market risk:				
Amount of contracts which were not hedged and hence, exposed to market risk	**332,796**	245,614	**332,625**	245,614

42. COMMITMENTS AND CONTINGENCIES (CONT'D.)

	Group and Bank	
	2009 RM'000	2008 RM'000
Credit risk:		
Amount of credit risk, measured in terms of cost to replace the profitable contracts	**346,550**	302,515

(b) Contingent liabilities

(i) In 2005, a subsidiary, Mayban Trustees Berhad ("MTB") and eleven other defendants were served with a writ of summons and statement of claim by ten plaintiffs / bondholders for an amount of approximately RM157.8 million. MTB, as the 2nd Defendant, was alleged to have acted in breach of trust and negligently in its capacity as Trustee for the bonds issued. MTB does not admit any liability to the claim and is defending the suit. The suit is pending determination at trial.

On 7 July 2008, the plaintiffs entered judgement by consent against the 1st, 4th and 6th to 12th Defendants for the sum of RM149,315,000 as well as withdrew the claim against the 5th Defendant. MTB, as the 2nd Defendant is not a party to the consent judgement and shall continue to defend the suit.

The above contingent liability is covered by an existing Banker Blanket Bond Policy between the Bank and a subsidiary, Sri MGAB Berhad (formerly known as Mayban General Assurance Berhad), which had entered into a facultative reinsurance contract for an insured sum of RM150 million with three other re-insurers.

No provision is made in the Group's financial statements.

The 1st Defendant has on 4 August 2008 served a counterclaim on MTB for almost RM535 million being loss of profit, expenses and damages stated to have been incurred by it which allegedly arises as a result of MTB unlawfully declaring an Event Of Default ("EOD") on the bonds ("Counterclaim"). MTB will defend the Counterclaim and its lawyers are of the opinion that the Counterclaim is without merit as the 1st Defendant had failed to perform their obligations under the bonds. Further, the 1st Defendant had on 7 July 2008 consented to judgement, thereby admitting the EOD and liability for the sum of RM149,315,000. MTB is of the view that the EOD was declared lawfully and MTB is in any event entitled under the trust deed to be indemnified by the bondholders for the Counterclaim.

MTB is counterclaiming against and also claiming indemnity, contribution or other relief from the 2nd Plaintiff, the 1st and 3rd to 12th Defendants as well as a legal firm.

The matter was partly heard on 20 to 21 July 2009 and the trial resumed on 24 to 28 August 2009.

42. COMMITMENTS AND CONTINGENCIES (CONT'D.)

(b) Contingent liabilities (cont'd.)

(ii) In 2004, Etiqa Takaful Berhad ("ETB") (formerly known as Takaful Nasional Berhad), now a subsidiary of the Bank, commenced a civil suit against a borrower ("the 1st Defendant") and three guarantors, for the sum of approximately RM25.8 million, following the recall of the relevant facility which was preceded by the 1st Defendant's failure to pay monthly installments.

The 1st Defendant counterclaimed for loss and damage amounting to approximately RM284 million as a result of ETB's failure to release the balance of the facility of RM7.5 million. It is alleged that the 1st Defendant was unable to carry on its project and therefore suffered loss and damage. ETB are proceeding with their claim and are resisting the 1st Defendant's counterclaim. ETB have filed its defence to the counterclaim and an application to strike out the counterclaim as well.

ETB are of the view that they have a good chance of succeeding in the action and in securing a dismissal of the 1st Defendant's counterclaim.

On 14 May 2009, the Court allowed ETB's application for summary judgment, but directed that a rebate be given if there is early settlement. The Court has also dismissed the 1st Defendant's counterclaim against ETB with costs. The Defendants have filed two separate applications to court for stay of execution of the judgement. The application for stay of execution is now fixed for mention on 27 August 2009.

(iii) A corporate borrower has issued a writ of summon and statement of claim against Maybank Investment Bank Berhad (formerly known as Aseambankers Malaysia Berhad) ("Maybank IB") in 2005 in its capacity as agent bank for three financial institutions as syndicated lenders claiming general, special and exemplary damages arising from alleged breach of duty owed by Maybank IB. Although it has not been quantified, the claim value is estimated at approximately RM450 million.

The credit facilities consist of a bridging loan of RM58.5 million and a revolving credit facility of RM4 million which were granted by Maybank IB and three syndicated lenders. The loan was subsequently restructured to RM38 million with terms for repayment. In 2006, Maybank IB and the three syndicated lenders filed a suit against the corporate borrower for the recovery of the loan. The two suits were then ordered by the Court to be heard together.

Out of the estimated claim of RM450 million, Maybank's exposure is RM189 million (inclusive of the assets and liabilities of Kewangan Bersatu Berhad (one of the syndicated lenders) and from Maybank IB which had been vested to the Bank in respective of this account pursuant to a vesting order dated 28 September 2006 and 21 May 2007 respectively).

The trial was completed on 13 November 2008.

The Court on 6 May 2009 entered judgement against Maybank IB as agent for the syndicated lenders for an estimated RM115.5 million with interest at 6% per annum from date of disbursement to realisation.

The balance of the judgement claim (including for general damages) against Maybank IB as agent for the syndicated lenders was ordered to be assessed by the Senior Assistant Registrar (SAR), at a later date. At this juncture, Maybank as one of the syndicated lenders has an exposure of RM48 million out of the RM115.5 million judgement sum. Maybank IB has filed a notice of appeal and an application for stay of execution of the judgement sum. Maybank IB had on 24 June 2009 obtained a stay order pending its appeal. The corporate borrower had on 24 June 2009 filed an appeal against the decision on the stay. The date for the hearing of corporate borrower's appeal has yet to be fixed by the Court.

Maybank IB's solicitors are of the view that it has a more than even chance of succeeding in its appeal against the said judgement.

Other than that stated above, the Group and the Bank do not have any other material litigation that would materially and adversely affect the financial position of the Group and the Bank.

43. FINANCIAL RISK MANAGEMENT POLICIES

Risk Management is a critical pillar of the Group's operating model, complementing the other two pillars, which are customer sector and support and services sector. A dedicated Board-level Risk Management Committee provides risk oversight of all material risks across the Maybank Group.

At the management level, the Executive Risk Committee and the Asset and Liability Management Committee ensure all key risks are managed in line with their respective Terms of Reference.

The Group's approach to risk management is premised on the following Seven Broad Principles of Risk Management:

(a) The risk management approach is premised on the three lines of defence concept – risk taking units, risk control units and internal audit.

(b) The risk taking units are responsible for the day-to-day management of risks inherent in their business activities while the risk control units are responsible for setting the risk management frameworks and developing tools and methodologies for the identification, measurement, monitoring, control and pricing of risks. Complementing this is Internal Audit which provides independent assurance of the effectiveness of the risk management approach.

(c) Risk Management provides risk oversight for the major risk categories including credit, market, liquidity, operational and other industry-specific risk types (e.g. insurance and stockbroking risks).

(d) Risk Management ensures that the core risk policies of the Group are consistent, sets the risk tolerance level and facilitates the implementation of an integrated risk-adjusted measurement framework.

(e) Risk Management is functionally and organisationally independent of business sectors and other risk taking units within the Group.

(f) The Maybank Board, through the Risk Management Committee, maintains overall responsibility for the risk oversight function within the Group.

(g) Risk Management ensures the execution of various risk policies and related decisions of the Board.

The following are the key risk areas encountered by the Maybank Group and how they are managed by the risk management units within the Group:

(a) Credit risk management

Roles and responsibilities in credit risk management includes:

Credit Risk Management Framework
To develop, enhance and communicate an efficient, effective and consistent credit risk management framework across the Maybank Group, leveraging on people and technology.

Credit Policies
To develop and review credit policies including providing empowerment to approve loans.

Regulatory Requirements
To ensure compliance with regulatory requirements on credit risk management.

43. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

The following are the key risk areas encountered by the Maybank Group and how they are managed by the risk management units within the Group: (cont'd)

(a) Credit risk management (cont'd.)

Credit Risk Rating System
To develop a credit risk rating system to objectively and consistently measure the risk of default by enterprise borrowers across the Group which sets the foundation for the development of a risk-based pricing.

Risk Limits Concentrations
To set, review and monitor risk limits and concentrations according to various categories such as single customer group, economic segments, product types, banks and countries.

Portfolio Management
Manage and control Maybank Group's portfolio, including providing analysis of the overall composition and quality of the various credit portfolios to identify any particular sensitivities and concentrations. At the same time, to safeguard and preserve the asset quality of the Maybank Group by analysing vulnerable industries where prospects have changed or are showing unfavourable signs and conducting credit stress testing for the Maybank Group.

Credit Review
To perform post-approval review of credit proposals to assess whether loan originators, pre-evaluators and approving authorities have addressed and analysed credit risks sufficiently and provided mitigating factors.

(b) Market risk management

Market Risk Management (MRM) is the independent risk control unit responsible to ensure efficient implementation of market risk management frameworks and adequate risk controls are in place to support the business growth. Its primary objective is to facilitate risk/return decisions, reduce volatility in earnings, highlight transparent market risk and liquidity risk profile to senior management, Asset and Liability Management Committee (ALCO), Risk Management Committee (RMC), Board of Directors (BOD) and regulators.

The level of risk tolerance by the Group is primarily controlled through a series of approved limits and policies. Market Risk is responsible to develop and formulate comprehensive market risk management frameworks, policies and risk limits methodologies for all treasury activities and documentation standards for regulated financial market agreements relating to treasury operations.

Market risk controls adopted include the "Value-at-Risk" ("VaR"), "Earnings-at-Risk" ("EaR"), "Economic Value-at-Risk" ("EVaR") and dynamic simulation measurement tools, independent mark-to-market valuations, on-line tracking of various risk limits for trading positions, stress testing of portfolios and back testing of risk models.

43. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

The following are the key risk areas encountered by the Maybank Group and how they are managed by the risk management units within the Group: (cont'd)

(c) Liquidity risk management

The primary mechanism and tool for monitoring liquidity is the cash flow behaviour of the Bank. A liquidity risk framework ascertains liquidity based on the contractual and behavioural cash flow of assets, liabilities and off-balance sheet commitments, taking into consideration the realisable cash value of eligible liquid assets.

Liquidity risk is addressed through various measurement techniques such as liquidity gap analysis, early warning signals and stress testing that are controlled using approved limits and benchmarks. Periodic reports are presented to various operating and management level, including the ALCO, RMC and BOD. In addition, the Bank reviews and enhances its Contingency Funding Plan to address probable circumstances that could cause liquidity distress to the Bank.

(d) Operational risk management

Under the Group's three lines of defence concept, risk taking units (Business/Support Sectors) constitute an integral part of the operational risk management framework and are primarily responsible for the management of day-to-day operational risks inherent in their respective business and functional areas. They are responsible for putting in place and maintaining their respective operational manuals and ensuring that activities undertaken by them comply with Maybank Group's operational risk management framework.

The Operational Risk Management team, as the second line of defence, is responsible for the formulation and implementation of operational risk management framework within Maybank Group, which encompasses the operational risk governance structure, policies and processes. The above also include the maintenance and analysis of operational loss database, development and implementation of various operational risk management tools and methodologies to identify, measure, mitigate and monitor operational risks.

Finally, Internal Audit acts as the third line of defence by overseeing compliance in respect of day-to-day management of operational risks at all organisational levels by providing independent assurance in respect of the overall effectiveness of the operational risk management process.

Further information on the risk management practices of the Group are disclosed in the Section on Risk Management.

44. INTEREST RATE RISK

The Group and Bank are exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on the financial position and cash flows. Interest rate risk exposure is identified, measured, monitored and controlled through limits and procedures set by the Asset and Liability Management Committee ("ALCO") to protect total net interest income from changes in market interest rates.

44. INTEREST RATE RISK (CONT'D.)

The table below summarises the Group's and Bank's exposure to interest rate risk. The table indicates effective average interest rates at the balance sheet date and the periods in which the financial instruments reprice or mature, whichever is earlier.

Group 2009	Up to 1 month RM'000	>1 – 3 months RM'000	>3 – 12 months RM'000	>1 – 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate %
Assets									
Cash and short-term funds	16,126,913	-	-	-	-	7,481,066	-	23,607,979	1.20
Deposits and placements with banks and other financial institutions	756,741	4,542,810	541,365	1,759	-	456,500	-	6,299,175	1.43
Securities purchased under resale agreements	346,462	-	-	-	-	-	-	346,462	2.31
Securities held-for-trading	-	-	-	-	-	-	1,489,272	1,489,272	3.09
Securities available-for-sale	150,277	388,816	754,343	1,415,250	1,228,392	-	43,940,027	47,877,105	4.06
Securities held-to-maturity	20,315	34,058	16,445	5,061,416	3,026,923	201,594	-	8,360,751	3.96
Loans, advances and financing									
- Performing	83,981,576	17,201,450	18,151,503	27,691,100	39,549,897	72,033	-	186,647,559	5.54
- Non-performing*	-	-	-	-	-	(864,393)	-	(864,393)	-
Derivative assets	-	-	-	-	-	-	973,685	973,685	-
Other assets	-	-	-	-	-	5,249,290	-	5,249,290	-
Other non-interest sensitive balances	-	-	-	-	-	13,970,337	-	13,970,337	-
Life, general takaful and family takaful fund assets	-	-	-	-	-	16,781,901	-	16,781,901	-
Total Assets	101,382,284	22,167,134	19,463,656	34,169,525	43,805,212	43,348,328	46,402,984	310,739,123	
Liabilities and Shareholders' Equity									
Deposits from customers	72,586,615	28,362,531	44,823,718	39,277,876	95,651	27,452,198	-	212,598,589	1.25
Deposits and placements of banks and other financial institutions	15,343,043	5,034,216	1,630,950	1,695,734	3,495,909	1,582,011	-	28,781,863	1.21
Bills and acceptances payable	451,247	243,942	15,349	-	-	759,525	-	1,470,063	2.32
Derivatives liabilities	-	-	-	-	-	-	1,459,068	1,459,068	-
Other liabilities	-	-	-	-	-	6,986,000	-	6,986,000	-
Recourse obligation on loans sold to Cagamas	-	-	270,166	246,099	-	-	-	516,265	2.05
Borrowings	-	-	281,360	1,230,950	-	-	-	1,512,310	1.35
Subordinated obligations	-	-	1,572,373	4,000,000	3,100,000	-	-	8,672,373	4.44
Capital Securities	-	-	-	-	-	6,047,541	-	6,047,541	-
Other non-interest sensitive balances	-	-	-	-	-	145,173	-	145,173	-
Life, general takaful and family takaful fund liabilities	-	-	-	-	-	4,529,995	-	4,529,995	-
Life, general takaful and family takaful policy holders' funds	-	-	-	-	-	12,251,906	-	12,251,906	-
Total Liabilities	88,380,905	33,640,689	48,593,916	46,450,659	6,691,560	59,754,349	1,459,068	284,971,146	

* This is arrived after deducting the general allowance and specific allowance from gross non-performing loans outstanding.

44. INTEREST RATE RISK (CONT'D.)

Group 2009 (cont'd.)	Up to 1 month RM'000	>1 – 3 months RM'000	>3 – 12 months RM'000	>1 – 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate %
Shareholders' equity	-	-	-	-	-	24,898,746	-	24,898,746	-
Minority interests	-	-	-	-	-	869,231	-	869,231	-
	-	-	-	-	-	25,767,977	-	25,767,977	
Total Liabilities and Shareholders' Equity	88,380,905	33,640,689	48,593,916	46,450,659	6,691,560	85,522,326	1,459,068	310,739,123	
On-balance sheet interest sensitivity gap	13,001,379	(11,473,555)	(29,130,260)	(12,281,134)	37,113,652	(42,173,998)	44,943,916	-	
Off-balance sheet interest sensitivity gap (interest rate swaps)	2,315,148	853,917	(558,350)	(1,573,887)	(1,036,828)	-	-	-	
Total interest sensitivity gap	15,316,527	(10,619,638)	(29,688,610)	(13,855,021)	36,076,824	(42,173,998)	44,943,916	-	
Cumulative interest rate sensitivity gap	15,316,527	4,696,889	(24,991,721)	(38,846,742)	(2,769,918)	(44,943,916)	-		

Group 2008	Up to 1 month RM'000	>1 – 3 months RM'000	>3 – 12 months RM'000	>1 – 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate %
Assets									
Cash and short-term funds	24,159,124	-	-	-	-	3,485,235	-	27,644,359	3.52
Deposits and placements with banks and other financial institutions	142,323	5,855,128	2,889,216	-	19,000	50,848	-	8,956,515	3.21
Securities purchased under resale agreements	-	-	-	-	-	-	-	-	-
Securities held-for-trading	-	-	-	-	-	-	880,794	880,794	4.84
Securities available-for-sale	321,153	464,642	121,117	1,506,902	458,735	4,696	31,606,890	34,484,135	5.03
Securities held-to-maturity	3,993	15,481	117,081	657,625	191,299	200,748	-	1,186,227	6.40
Loans, advances and financing									
- Performing	72,638,574	18,336,899	16,685,256	20,519,183	36,442,881	60,221	-	164,683,014	6.46
- Non-performing*	-	-	-	-	-	(68,839)	-	(68,839)	-
Derivative assets	-	-	-	-	-	-	830,150	830,150	-
Other assets	-	-	-	-	-	4,101,178	-	4,101,178	-
Other non-interest sensitive balances	-	-	-	-	-	10,713,198	-	10,713,198	-
Life, general takaful and family takaful fund assets	-	-	-	-	-	15,689,969	-	15,689,969	-
Total Assets	97,265,167	24,672,150	19,812,670	22,683,710	37,111,915	34,237,254	33,317,834	269,100,700	

* This is arrived after deducting the general allowance and specific allowance from gross non-performing loans outstanding.

44. INTEREST RATE RISK (CONT'D.)

Group 2008 (cont'd.)	Up to 1 month RM'000	>1 – 3 months RM'000	>3 – 12 months RM'000	>1 – 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate %
Liabilities and Shareholders' Equity									
Deposits from customers	69,355,844	23,664,629	39,142,581	33,697,356	66,300	21,185,367	-	187,112,077	1.86
Deposits and placements of banks and other financial institutions	17,290,526	3,149,073	765,574	1,349,196	249,727	332,783	-	23,136,879	3.02
Obligations on securities sold under repurchase agreements	322,371	-	-	-	-	-	-	322,371	2.80
Bills and acceptances payable	1,470,830	1,514,899	290,328	-	-	1,516,245	-	4,792,302	3.57
Derivatives liabilities	-	-	-	-	-	-	1,055,097	1,055,097	-
Other liabilities	-	-	-	-	-	5,248,563	-	5,248,563	-
Recourse obligation on loans sold to Cagamas	-	393,581	515,272	365,216	-	-	-	1,274,069	4.38
Borrowings	-	-	274,302	1,142,925	-	-	-	1,417,227	2.83
Subordinated obligations	-	-	975,723	4,000,000	-	-	-	4,975,723	4.28
Capital Securities	-	-	-	-	-	3,497,316	-	3,497,316	-
Other non-interest sensitive balances	-	-	-	-	-	487,345	-	487,345	-
Life, general takaful and family takaful fund liabilities	-	-	-	-	-	4,032,822	-	4,032,822	-
Life, general takaful and family takaful policy holders' funds	-	-	-	-	-	11,657,147	-	11,657,147	-
Total Liabilities	88,439,571	28,722,182	41,963,780	40,554,693	316,027	47,957,588	1,055,097	249,008,938	
Shareholders' equity	-	-	-	-	-	19,302,493	-	19,302,493	-
Minority interests	-	-	-	-	-	789,269	-	789,269	-
	-	-	-	-	-	20,091,762	-	20,091,762	
Total Liabilities and Shareholders' Equity	88,439,571	28,722,182	41,963,780	40,554,693	316,027	68,049,350	1,055,097	269,100,700	
On-balance sheet interest sensitivity gap	8,825,596	(4,050,032)	(22,151,110)	(17,870,983)	36,795,888	(33,812,096)	32,262,737	-	
Off-balance sheet interest sensitivity gap (interest rate swaps)	(1,340,624)	2,053,934	4,809,109	(4,048,764)	(1,473,655)	-	-	-	
Total interest sensitivity gap	7,484,972	(1,996,098)	(17,342,001)	(21,919,747)	35,322,233	(33,812,096)	32,262,737	-	
Cumulative interest rate sensitivity gap	7,484,972	5,488,874	(11,853,127)	(33,772,874)	1,549,359	(32,262,737)	-		

44. INTEREST RATE RISK (CONT'D.)

Bank 2009	Up to 1 month RM'000	>1 – 3 months RM'000	>3 – 12 months RM'000	>1 – 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate %
Assets									
Cash and short-term funds	13,867,437	-	-	-	-	3,580,875	-	17,448,312	1.20
Deposits and placements with banks and other financial institutions	620,704	5,231,356	1,282,993	1,759	-	427,157	-	7,563,969	1.07
Securities purchased under resale agreements	346,462	-	-	-	-	-	-	346,462	2.31
Securities held-for-trading	-	-	-	-	-	-	838,721	838,721	2.95
Securities available-for-sale	-	-	-	-	-	-	39,349,558	39,349,558	3.59
Securities held-to-maturity	-	1,670	7,638	4,264,653	2,367,567	190,370	-	6,831,898	3.96
Loans, advances and financing									
- Performing	74,085,596	15,095,318	15,710,080	19,176,418	21,112,159	-	-	145,179,571	5.52
- Non-performing*	-	-	-	-	-	(747,773)	-	(747,773)	-
Derivative assets	-	-	-	-	-	-	929,904	929,904	-
Other assets	-	-	-	-	-	3,818,866	-	3,818,866	-
Other non-interest sensitive balances	-	-	-	-	-	16,717,654	-	16,717,654	-
Total Assets	88,920,199	20,328,344	17,000,711	23,442,830	23,479,726	23,987,149	41,118,183	238,277,142	
Liabilities and Shareholders' Equity									
Deposits from customer	55,282,391	26,548,853	43,403,901	34,937,560	87,127	3,193,098	-	163,452,930	1.06
Deposits and placements of banks and other financial institutions	17,315,632	5,252,852	1,280,227	1,637,666	3,538,909	1,096,630	-	30,121,916	1.10
Bills and acceptances payable	235,334	243,942	15,349	-	-	833,654	-	1,328,279	2.32
Derivatives liabilities	-	-	-	-	-	-	1,381,860	1,381,860	-
Other liabilities	-	-	-	-	-	3,253,358	-	3,253,358	-
Recourse obligation on loans sold to Cagamas	-	-	270,166	246,099	-	-	-	516,265	2.05
Borrowings	-	-	281,360	1,230,950	-	-	-	1,512,310	1.35
Subordinated obligations	-	-	1,052,239	4,000,000	3,100,000	-	-	8,152,239	4.23
Capital Securities	-	-	-	-	-	6,047,541	-	6,047,541	-
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	-
Total Liabilities	72,833,357	32,045,647	46,303,242	42,052,275	6,726,036	14,424,281	1,381,860	215,766,698	

* This is arrived after deducting the general allowance and specific allowance from gross non-performing loans outstanding.

44. INTEREST RATE RISK (CONT'D.)

Bank 2009 (cont'd.)	Up to 1 month RM'000	>1 – 3 months RM'000	>3 – 12 months RM'000	>1 – 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate %
Shareholders' equity	-	-	-	-	-	22,510,444	-	22,510,444	-
Total Liabilities and Shareholders' Equity	**72,833,357**	**32,045,647**	**46,303,242**	**42,052,275**	**6,726,036**	**36,934,725**	**1,381,860**	**238,277,142**	
On-balance sheet interest sensitivity gap	**16,086,842**	**(11,717,303)**	**(29,302,531)**	**(18,609,445)**	**16,753,690**	**(12,947,576)**	**39,736,323**	**-**	
Off-balance sheet interest sensitivity gap (interest rate swaps)	**2,113,766**	**796,988**	**(585,294)**	**(1,401,188)**	**(924,272)**	**-**	**-**	**-**	
Total interest sensitivity gap	**18,200,608**	**(10,920,315)**	**(29,887,825)**	**(20,010,633)**	**15,829,418**	**(12,947,576)**	**39,736,323**	**-**	
Cumulative interest rate sensitivity gap	**18,200,608**	**7,280,293**	**(22,607,532)**	**(42,618,165)**	**(26,788,747)**	**(39,736,323)**	**-**		

Bank 2008	Up to 1 month RM'000	>1 – 3 months RM'000	>3 – 12 months RM'000	>1 – 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate %
Assets									
Cash and short-term funds	20,419,009	-	-	-	-	3,650,608	-	24,069,617	2.92
Deposits and placements with banks and other financial institutions	142,323	5,591,067	2,840,871	-	-	221,231	-	8,795,492	3.11
Securities purchased under resale agreements	-	-	-	-	-	-	-	-	-
Securities held-for-trading	-	-	-	-	-	-	418,170	418,170	4.67
Securities available-for-sale	-	-	-	-	-	-	28,620,398	28,620,398	4.33
Securities held-to-maturity	-	15,022	45,047	350,030	81,635	181,238	-	672,972	6.17
Loans, advances and financing									
- Performing	67,062,537	15,799,909	15,254,020	17,505,237	23,446,221	-	-	139,067,924	6.38
- Non-performing*	-	-	-	-	-	(212,450)	-	(212,450)	-
Derivative assets	-	-	-	-	-	-	828,182	828,182	-
Other assets	-	-	-	-	-	3,176,790	-	3,176,790	-
Other non-interest sensitive balances	-	-	-	-	-	13,735,390	-	13,735,390	-
Total Assets	87,623,869	21,405,998	18,139,938	17,855,267	23,527,856	20,752,807	29,866,750	219,172,485	

* This is arrived after deducting the general allowance and specific allowance from gross non-performing loans outstanding.

44. INTEREST RATE RISK (CONT'D.)

Bank 2008 (cont'd.)	Up to 1 month RM'000	>1 – 3 months RM'000	>3 – 12 months RM'000	>1 – 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate %
Liabilities and Shareholders' Equity									
Deposits from customer	59,664,916	21,770,498	38,843,576	33,527,951	66,300	2,449,323	-	156,322,564	1.71
Deposits and placements of banks and other financial institutions	16,777,231	3,135,086	760,820	1,348,752	249,727	2,158,454	-	24,430,070	2.64
Obligations on securities sold under repurchase agreements	322,371	-	-	-	-	-	-	322,371	2.80
Bills and acceptances payable	1,470,830	1,514,899	290,328	-	-	1,120,324	-	4,396,381	3.58
Derivatives liabilities	-	-	-	-	-	-	1,027,048	1,027,048	-
Other liabilities	-	-	-	-	-	3,919,074	-	3,919,074	-
Recourse obligation on loans sold to Cagamas	-	393,581	515,272	365,216	-	-	-	1,274,069	4.38
Borrowings	-	-	274,302	1,142,925	-	-	-	1,417,227	2.83
Subordinated obligations	-	-	975,723	4,000,000	-	-	-	4,975,723	4.28
Capital Securities	-	-	-	-	-	3,497,316	-	3,497,316	-
Other non-interest sensitive balances	-	-	-	-	-	390,327	-	390,327	-
Total Liabilities	78,235,348	26,814,064	41,660,021	40,384,844	316,027	13,534,818	1,027,048	201,972,170	
Shareholders' equity	-	-	-	-	-	17,200,315	-	17,200,315	-
Total Liabilities and Shareholders' Equity	78,235,348	26,814,064	41,660,021	40,384,844	316,027	30,735,133	1,027,048	219,172,485	
On-balance sheet interest sensitivity gap	9,388,521	(5,408,066)	(23,520,083)	(22,529,577)	23,211,829	(9,982,326)	28,839,702	-	
Off-balance sheet interest sensitivity gap (interest rate swaps)	(1,135,864)	1,994,366	2,382,418	(1,851,109)	(1,389,811)	-	-	-	
Total interest sensitivity gap	8,252,657	(3,413,700)	(21,137,665)	(24,380,686)	21,822,018	(9,982,326)	28,839,702	-	
Cumulative interest rate sensitivity gap	8,252,657	4,838,957	(16,298,708)	(40,679,394)	(18,857,376)	(28,839,702)	-		

45. YIELD/PROFIT RATE RISK ON IBS PORTFOLIO

The Group and Bank are exposed to the risk associated with the effects of fluctuations in the prevailing levels of yield/profit rate on the financial position and cash flows of the IBS portfolio. The fluctuations in yield/profit rate can be influenced by changes in profit rates that affect the value of financial instruments under the IBS portfolio. Yield/profit rate risk is monitored and managed by the Asset and Liability Management Committee ("ALCO") to protect the income from IBS operations.

The table below summarises the Group's and Bank's exposure to yield/profit rate risk for the IBS operations. The table indicates effective average yield/profit rates at the balance sheet date and the periods in which the financial instruments either reprice or mature, whichever is earlier.

Group 2009	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non-yield/ profit rate sensitive RM'000	Trading books RM'000	Total RM'000	Effective yield/profit rate %
Assets									
Cash and short-term funds	1,002,900	-	-	-	-	3,400,817	-	4,403,717	2.00
Deposits and placements with banks and other financial institutions	-	49,238	-	-	-	421	-	49,659	-
Securities held-for-trading	-	-	-	29,946	-	-	-	29,946	3.94
Securities available-for-sale	162,447	427,031	777,645	1,497,229	1,228,391	4,946	-	4,097,689	3.34
Securities held-to-maturity	-	-	-	85,376	111,538	-	-	196,914	3.78
Financing and advances									
- Performing	1,794,779	1,462,900	529,549	4,184,380	17,413,204	-	-	25,384,812	5.45
- Non-performing*	-	-	-	-	-	47,746	-	47,746	-
Derivative assets	-	-	-	-	-	-	23,641	23,641	-
Other assets	-	-	-	-	-	209,245	-	209,245	-
Other non-yield/profit sensitive balances	-	-	-	-	-	264,397	-	264,397	-
Total Assets	2,960,126	1,939,169	1,307,194	5,796,931	18,753,133	3,927,572	23,641	34,707,766	
Liabilities and Islamic Banking Fund									
Deposits from customers	8,318,439	3,523,148	5,136,858	7,693,793	106,480	-	-	24,778,718	1.59
Deposits and placements of banks and other financial institutions	610,057	1,055,000	853,910	3,378,217	12,160	243,822	-	6,153,166	2.81
Bills and acceptances payable	259	-	-	-	-	2,672	-	2,931	3.30
Derivatives liabilities	-	-	-	-	-	-	27,138	27,138	-
Other liabilities	-	-	-	-	-	1,020,861	-	1,020,861	-
Other non-yield/profit sensitive balances	-	-	-	-	-	28,597	-	28,597	-
Total Liabilities	8,928,755	4,578,148	5,990,768	11,072,010	118,640	1,295,952	27,138	32,011,411	

* This is arrived after deducting the general allowance and specific allowance from gross non-performing financing outstanding.

45. YIELD/PROFIT RATE RISK ON IBS PORTFOLIO (CONT'D.)

Group 2009 (cont'd.)	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non-yield/ profit rate sensitive RM'000	Trading books RM'000	Total RM'000	Effective yield/profit rate %
Islamic Banking Fund	-	-	-	-	-	2,696,355	-	2,696,355	-
Total Liabilities and Islamic Banking Fund	**8,928,755**	**4,578,148**	**5,990,768**	**11,072,010**	**118,640**	**3,992,307**	**27,138**	**34,707,766**	
On-balance sheet yield/ profit rate sensitivity gap	**(5,968,629)**	**(2,638,979)**	**(4,683,574)**	**(5,275,079)**	**18,634,493**	**(64,735)**	**(3,497)**	**-**	
Cumulative yield/ profit rate sensitivity gap	**(5,968,629)**	**(8,607,608)**	**(13,291,182)**	**(18,566,261)**	**68,232**	**3,497**	**-**		

Group 2008	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non-yield/ profit rate sensitive RM'000	Trading books RM'000	Total RM'000	Effective yield/profit rate %
Assets									
Cash and short-term funds	1,219,120	-	-	-	-	1,974,337	-	3,193,457	1.53
Deposits and placements with banks and other financial institutions	-	-	-	-	-	1,261	-	1,261	-
Securities available-for-sale	321,153	464,642	121,117	1,506,902	458,735	4,696	-	2,877,245	4.20
Financing and advances									
- Performing	4,109,274	1,375,087	274,292	2,399,017	12,644,369	-	-	20,802,039	6.41
- Non-performing*	-	-	-	-	-	222,777	-	222,777	-
Derivative assets	-	-	-	-	-	-	45,185	45,185	-
Other assets	-	-	-	-	-	232,636	-	232,636	-
Other non-yield/profit sensitive balances	-	-	-	-	-	802,482	-	802,482	-
Total Assets	5,649,547	1,839,729	395,409	3,905,919	13,103,104	3,238,189	45,185	28,177,082	

* This is arrived after deducting the general allowance and specific allowance from gross non-performing financing outstanding.

45. YIELD/PROFIT RATE RISK ON IBS PORTFOLIO (CONT'D.)

Group 2008 (cont'd.)	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non-yield/ profit rate sensitive RM'000	Trading books RM'000	Total RM'000	Effective yield/profit rate %
Liabilities and Islamic Banking Fund									
Deposits from customers	6,479,948	2,135,969	3,787,587	7,210,228	188,644	1,604	-	19,803,980	2.07
Deposits and placements of banks and other financial institutions	1,213,695	410,016	1,631,207	1,103,647	577,221	653,849	-	5,589,635	3.76
Bills and acceptances payable	-	175,508	214,056	-	-	546	-	390,110	3.45
Derivatives liabilities	-	-	-	-	-	-	45,200	45,200	-
Other liabilities	-	-	-	-	-	477,604	-	477,604	-
Other non-yield/profit sensitive balances	-	-	-	-	-	49,080	-	49,080	-
Total Liabilities	7,693,643	2,721,493	5,632,850	8,313,875	765,865	1,182,683	45,200	26,355,609	
Islamic Banking Fund	-	-	-	-	-	1,821,473	-	1,821,473	-
Total Liabilities and Islamic Banking Fund	7,693,643	2,721,493	5,632,850	8,313,875	765,865	3,004,156	45,200	28,177,082	
On-balance sheet yield/ profit rate sensitivity gap	(2,044,096)	(881,764)	(5,237,441)	(4,407,956)	12,337,239	234,033	(15)	-	
Cumulative yield/ profit rate sensitivity gap	(2,044,096)	(2,925,860)	(8,163,301)	(12,571,257)	(234,018)	15	-		

46. FOREIGN EXCHANGE RISK

Foreign exchange risk is the risk to earnings and value of foreign currency assets, liabilities and derivative financial instruments caused by fluctuations in foreign exchange rates.

The banking activities of providing financial products and services to customers expose the Group and the Bank to foreign exchange risk. Foreign exchange risk is managed by treasury function, and monitored by Group Risk Management against delegated limits. The Group's policy is to ensure, where appropriate and practical, that its capital is protected from foreign exchange exposures. Hedging against foreign exchange exposures is mainly to protect the real economic value, rather than to avoid the short-term accounting impact.

The table below analyses the net foreign exchange positions of the Group and the Bank by major currencies, which are mainly in Ringgit Malaysia, Singapore Dollar, the Great Britain Pound, Hong Kong Dollar, US Dollar and Indonesia Rupiah. The "Others" foreign exchange risk include mainly exposure to Euro, Japanese Yen, Renminbi, Philippines Peso, Papua New Guinea Kina and Brunei Dollars.

Group 2009	Malaysian Ringgit RM'000	Singapore Dollar RM'000	Great Britain Pound RM'000	Hong Kong Dollar RM'000	United States Dollar RM'000	Indonesia Rupiah RM'000	Others RM'000	Total RM'000
Assets								
Cash and short-term funds	10,990,250	1,798,902	1,980,802	4,495	5,880,830	430,227	2,522,473	23,607,979
Deposits and placements with banks and other financial institutions	1,697,838	2,372,083	654,747	35,170	1,467,361	9,005	62,971	6,299,175
Securities purchased under resale agreements	-	346,462	-	-	-	-	-	346,462
Securities portfolio	42,543,979	5,539,806	-	370,067	5,921,838	3,140,891	210,547	57,727,128
Loans, advances and financing	121,088,227	33,405,819	120,295	1,634,361	18,004,394	9,312,722	2,217,348	185,783,166
Derivative assets	349,791	131,547	15,902	17,620	387,235	-	71,590	973,685
Other assets	2,488,045	463,382	116,556	159,037	1,234,826	542,937	244,507	5,249,290
Investment properties	26,578	-	-	-	-	-	-	26,578
Statutory deposits with Central Banks	1,022,318	1,232,797	-	-	913,651	561,691	320,475	4,050,932
Investment in associates	2,628,303	-	-	-	2,449	-	(629)	2,630,123
Property, plant and equipment	906,930	291,556	7,844	1,270	7,967	142,345	37,650	1,395,562
Intangible assets	4,336,170	15,011	-	898	1,275	19,454	1,202	4,374,010
Deferred tax assets	1,186,423	147,681	-	-	570	141,948	16,510	1,493,132
Life, general takaful and family takaful fund assets	16,448,996	-	-	-	332,905	-	-	16,781,901
Total Assets	205,713,848	45,745,046	2,896,146	2,222,918	34,155,301	14,301,220	5,704,644	310,739,123

46. FOREIGN EXCHANGE RISK (CONT'D.)

Group 2009 (cont'd.)	Malaysian Ringgit RM'000	Singapore Dollar RM'000	Great Britain Pound RM'000	Hong Kong Dollar RM'000	United States Dollar RM'000	Indonesia Rupiah RM'000	Others RM'000	Total RM'000
Liabilities								
Deposits from customers	139,394,881	39,688,513	2,392,966	639,864	16,631,907	10,512,815	3,337,643	212,598,589
Deposits and placements of banks and other financial institutions	6,530,143	214,386	655,256	923,412	16,529,204	222,982	3,706,480	28,781,863
Obligations on securities sold under repurchase agreements	-	-	-	-	-	-	-	-
Bills and acceptances payable	1,103,857	132,613	388	59	189,853	3,869	39,424	1,470,063
Derivative liabilities	310,481	228,188	32,887	514	818,700	-	68,298	1,459,068
Other liabilities	2,112,345	1,017,160	28,998	146,170	1,570,004	1,458,350	652,973	6,986,000
Recourse obligation on loans sold to Cagamas	516,265	-	-	-	-	-	-	516,265
Provision for taxation and zakat	70,430	(150)	-	5	40	9,071	8,347	87,743
Deferred tax liabilities	23,490	363	-	-	-	132	33,445	57,430
Borrowings	1,512,310	-	-	-	-	-	-	1,512,310
Subordinated obligations	8,551,030	-	-	-	121,343	-	-	8,672,373
Capital Securities	4,596,510	-	-	-	1,451,031	-	-	6,047,541
Life, general takaful and family takaful fund liabilities	4,528,463	-	-	-	1,532	-	-	4,529,995
Life, general takaful and family takaful fund policy holders' funds	12,244,167	-	-	-	7,739	-	-	12,251,906
Total Liabilities	181,494,372	41,281,073	3,110,495	1,710,024	37,321,353	12,207,219	7,846,610	284,971,146
On-balance sheet open position	24,219,477	4,463,972	(214,349)	512,892	(3,166,049)	2,094,000	(2,141,966)	25,767,977
Off-balance sheet open position	(742,036)	604,826	694,046	(95,531)	(2,172,979)	27	1,711,647	-
Net open position	23,477,441	5,068,798	479,697	417,361	(5,339,028)	2,094,027	(430,319)	25,767,977
Net structural position included in the above	-	-	(264,622)	19,811	-	310,383	1,506,567	1,572,139

46. FOREIGN EXCHANGE RISK (CONT'D.)

Group 2008	Malaysian Ringgit RM'000	Singapore Dollar RM'000	Great Britain Pound RM'000	Hong Kong Dollar RM'000	United States Dollar RM'000	Indonesia Rupiah RM'000	Others RM'000	Total RM'000
Assets								
Cash and short-term funds	9,727,221	2,054,566	737,859	3,686	15,082,336	19,398	19,293	27,644,359
Deposits and placements with banks and other financial institutions	4,610,501	2,347,726	502,099	378,373	989,935	8,000	119,881	8,956,515
Securities purchased under resale agreements	-	-	-	-	-	-	-	-
Securities portfolio	25,519,272	4,754,058	-	306,555	5,470,131	216,237	284,903	36,551,156
Loans, advances and financing	111,924,446	31,648,184	389,697	1,459,444	15,308,763	194,622	3,689,019	164,614,175
Derivative assets	241,159	95,660	4,812	59,965	361,754	1	66,799	830,150
Other assets	1,107,949	1,528,410	24,112	107,962	962,436	3,261	367,048	4,101,178
Investment properties	3,885	-	-	-	-	-	-	3,885
Statutory deposits with Central Banks	4,714,100	949,060	-	-	41,149	-	168,105	5,872,414
Investment in associates	2,216,117	-	-	-	-	-	2,730	2,218,847
Property, plant and equipment	880,977	287,419	3,609	861	4,779	644	32,544	1,210,833
Intangible assets	174,973	12,365	-	98	1,502	767	24	189,729
Deferred tax assets	1,040,825	176,485	-	-	-	-	180	1,217,490
Life, general takaful and family takaful fund assets	15,280,873	-	-	-	409,096	-	-	15,689,969
Total Assets	177,442,298	43,853,933	1,662,188	2,316,944	38,631,881	442,930	4,750,526	269,100,700

46. FOREIGN EXCHANGE RISK (CONT'D.)

Group 2008 (cont'd.)	Malaysian Ringgit RM'000	Singapore Dollar RM'000	Great Britain Pound RM'000	Hong Kong Dollar RM'000	United States Dollar RM'000	Indonesia Rupiah RM'000	Others RM'000	Total RM'000
Liabilities								
Deposits from customers	134,145,968	33,959,554	4,409,228	433,496	10,620,342	107,890	3,435,599	187,112,077
Deposits and placements of banks and other financial institutions	5,190,414	176,267	1,906,842	1,866,757	11,752,727	32,006	2,211,866	23,136,879
Obligations on securities sold under repurchase agreements	-	-	-	-	322,371	-	-	322,371
Bills and acceptances payable	4,610,326	161,911	495	104	6,291	2,767	10,408	4,792,302
Derivative liabilities	230,346	143,398	26,294	2,307	521,135	-	131,617	1,055,097
Other liabilities	2,107,940	975,070	17,738	74,766	1,457,053	3,866	612,130	5,248,563
Recourse obligation on loans sold to Cagamas	1,274,069	-	-	-	-	-	-	1,274,069
Provision for taxation and zakat	94,992	331,950	-	2,993	880	-	4,668	435,483
Deferred tax liabilities	16,155	-	-	-	-	-	35,707	51,862
Borrowings	-	-	-	-	1,417,227	-	-	1,417,227
Subordinated obligations	4,000,000	-	-	-	975,723	-	-	4,975,723
Capital Securities	3,497,316	-	-	-	-	-	-	3,497,316
Life, general takaful and family takaful fund liabilities	4,030,260	-	-	-	2,562	-	-	4,032,822
Life, general takaful and family takaful fund policy holders' funds	11,643,705	-	-	-	13,442	-	-	11,657,147
Total Liabilities	170,841,491	35,748,150	6,360,597	2,380,423	27,089,753	146,529	6,441,995	249,008,938
On-balance sheet open position	6,600,807	8,105,782	(4,698,408)	(63,478)	11,542,129	296,402	(1,691,472)	20,091,762
Off-balance sheet open position	1,198,473	(270,210)	3,503,202	1,086,665	(6,924,852)	2	1,406,720	-
Net open position	7,799,280	7,835,572	(1,195,206)	1,023,187	4,617,277	296,404	(284,752)	20,091,762
Net structural position included in the above	-	-	6,997	21,600	-	290,439	267,481	586,517

46. FOREIGN EXCHANGE RISK (CONT'D.)

Bank 2009	Malaysian Ringgit RM'000	Singapore Dollar RM'000	Great Britain Pound RM'000	Hong Kong Dollar RM'000	United States Dollar RM'000	Indonesia Rupiah RM'000	Others RM'000	Total RM'000
Assets								
Cash and short-term funds	5,577,991	1,778,589	1,974,670	4,071	5,654,533	13,763	2,444,695	17,448,312
Deposits and placements with banks and other financial institutions	3,538,533	2,316,409	654,747	35,170	988,334	-	30,776	7,563,969
Securities purchased under resale agreements	-	346,462	-	-	-	-	-	346,462
Securities portfolio	36,462,460	5,425,809	-	325,883	4,805,482	-	543	47,020,177
Loans, advances and financing	95,654,609	33,350,207	120,295	1,634,361	12,222,431	-	1,449,895	144,431,798
Derivative assets	306,840	131,547	15,902	17,620	387,235	-	70,760	929,904
Other assets	2,089,480	457,447	116,538	158,787	893,017	-	103,597	3,818,866
Statutory deposits with Central Banks	806,100	1,232,797	-	-	54,754	-	16,492	2,110,143
Investment in subsidiaries	11,232,252	146	-	-	52,077	272,500	229,318	11,786,293
Investment in associates	7,635	-	-	-	-	-	335,414	343,049
Property, plant and equipment	808,558	290,287	7,844	1,270	6,480	-	701	1,115,140
Intangible assets	151,198	14,955	-	898	1,066	-	15	168,132
Deferred tax assets	1,046,772	147,555	-	-	570	-	-	1,194,897
Total Assets	157,682,428	45,492,210	2,889,996	2,178,060	25,065,979	286,263	4,682,206	238,277,142
Liabilities								
Deposits from customers	112,379,948	39,586,152	2,375,850	639,261	6,719,261	-	1,752,458	163,452,930
Deposits and placements of banks and other financial institutions	8,823,581	214,024	654,815	923,229	16,375,486	-	3,130,781	30,121,916
Obligations on securities sold under repurchase agreements	-	-	-	-	-	-	-	-
Bills and acceptances payable	1,185,300	130,545	388	59	3,264	2,270	6,453	1,328,279
Derivative liabilities	260,608	228,188	32,887	514	793,269	-	66,394	1,381,860
Other liabilities	272,384	837,666	18,553	145,784	1,410,411	405	568,155	3,253,358
Recourse obligation on loans sold to Cagamas	516,265	-	-	-	-	-	-	516,265
Borrowings	1,512,310	-	-	-	-	-	-	1,512,310
Subordinated obligations	7,100,000	-	-	-	1,052,239	-	-	8,152,239
Capital Securities	4,596,511	1,451,030	-	-	-	-	-	6,047,541
Total Liabilities	136,646,907	42,447,605	3,082,493	1,708,847	26,353,930	2,675	5,524,241	215,766,698
On-balance sheet open position	21,035,521	3,044,605	(192,497)	469,213	(1,287,951)	283,588	(842,035)	22,510,444
Off-balance sheet open position	(742,036)	604,826	694,046	(95,532)	(2,171,379)	27	1,710,048	-
Net open position	20,293,485	3,649,431	501,549	373,681	(3,459,330)	283,615	868,013	22,510,444
Net structural position included in the above	-	-	(264,622)	(29,482)	-	7,903,061	548,413	8,157,370

46. FOREIGN EXCHANGE RISK (CONT'D.)

Bank 2008	Malaysian Ringgit RM'000	Singapore Dollar RM'000	Great Britain Pound RM'000	Hong Kong Dollar RM'000	United States Dollar RM'000	Indonesia Rupiah RM'000	Others RM'000	Total RM'000
Assets								
Cash and short-term funds	7,035,829	2,052,153	711,686	3,686	14,294,996	7,445	(36,178)	24,069,617
Deposits and placements with banks and other financial institutions	5,146,022	2,290,525	277,445	378,373	679,713	-	23,414	8,795,492
Securities portfolio	19,757,542	4,649,328	-	268,092	4,938,469	-	98,109	29,711,540
Loans, advances and financing	90,997,959	31,648,184	389,697	1,459,445	11,315,010	-	3,045,179	138,855,474
Derivative assets	241,073	95,660	4,812	59,965	361,748	1	64,923	828,182
Other assets	379,894	1,529,444	20,752	107,722	843,208	-	295,770	3,176,790
Statutory deposits with Central Banks	3,934,100	949,060	-	-	41,149	-	15,392	4,939,701
Investment in subsidiaries	6,366,489	144	-	-	48,211	-	-	6,414,844
Investment in associates	13,869	-	-	-	-	-	-	13,869
Property, plant and equipment	768,901	286,010	3,609	861	3,002	-	-	1,062,383
Intangible assets	168,491	12,364	-	98	1,502	-	-	182,455
Deferred tax assets	945,653	176,485	-	-	-	-	-	1,122,138
Total Assets	135,755,822	43,689,357	1,408,001	2,278,242	32,527,008	7,446	3,506,609	219,172,485
Liabilities								
Deposits from customers	110,290,318	33,959,361	2,625,643	433,318	6,646,868	-	2,367,056	156,322,564
Deposits and placements of banks and other financial institutions	7,200,726	176,267	1,906,833	1,866,576	11,485,486	1,213	1,792,969	24,430,070
Obligations on securities sold under repurchase agreements	-	-	-	-	322,371	-	-	322,371
Bills and acceptances payable	4,219,757	161,911	495	104	6,291	2,767	5,056	4,396,381
Derivative liabilities	223,762	143,398	26,294	2,306	518,228	-	113,060	1,027,048
Other liabilities	1,071,474	831,520	14,271	74,404	1,408,142	6	519,257	3,919,074
Recourse obligation on loans sold to Cagamas	1,274,069	-	-	-	-	-	-	1,274,069
Provision for taxation and zakat	55,170	331,293	-	3,003	861	-	-	390,327
Borrowings	-	-	-	-	1,417,227	-	-	1,417,227
Subordinated obligations	4,000,000	-	-	-	975,723	-	-	4,975,723
Capital Securities	3,497,316	-	-	-	-	-	-	3,497,316
Total Liabilities	131,832,592	35,603,750	4,573,536	2,379,711	22,781,197	3,986	4,797,398	201,972,170
On-balance sheet open position	3,923,230	8,085,607	(3,165,535)	(101,469)	9,745,811	3,460	(1,290,789)	17,200,315
Off-balance sheet open position	8,554,761	(267,905)	3,540,542	1,086,550	(13,918,454)	-	1,004,506	-
Net open position	12,477,991	7,817,702	375,007	985,081	(4,172,643)	3,460	(286,283)	17,200,315
Net structural position included in the above	-	-	6,997	(19,720)	-	272,500	279,003	538,780

46. FOREIGN EXCHANGE RISK (CONT'D.)

Net structural foreign currency position represents the Group's and the Bank's net investment in overseas operations. This position comprises the net assets of the Group's and the Bank's overseas branches, investments in overseas subsidiaries and long term investments in overseas properties.

Where possible, the Group and the Bank mitigate the effect of currency exposures by funding the overseas operations with borrowings and deposits received in the same functional currencies of the respective overseas locations. The foreign currency exposures are also hedged using foreign exchange derivatives.

The structural currency exposures of the Group and the Bank as at the balance sheet dates are as follows:

Group	Structural currency exposures in overseas operations RM'000	Hedges by funding in respective currencies RM'000	Other currency hedges RM'000	Net structural currency exposures RM'000
Currency of structural exposures				
2009				
Singapore Dollar	**1,850,314**	**-**	**(1,850,314)**	**-**
Great Britain Pound	**(264,622)**	**-**	**-**	**(264,622)**
Hong Kong Dollar	**19,811**	**-**	**-**	**19,811**
United States Dollar	**503,851**	**(503,851)**	**-**	**-**
Indonesia Rupiah	**310,383**	**-**	**-**	**310,383**
Others	**1,506,567**	**-**	**-**	**1,506,567**
	3,926,304	**(503,851)**	**(1,850,314)**	**1,572,139**
2008				
Singapore Dollar	506,136	-	(506,136)	-
Great Britain Pound	6,997	-	-	6,997
Hong Kong Dollar	21,600	-	-	21,600
United States Dollar	757,469	(757,469)	-	-
Indonesia Rupiah	290,439	-	-	290,439
Others	267,481	-	-	267,481
	1,850,122	(757,469)	(506,136)	586,517

46. FOREIGN EXCHANGE RISK (CONT'D.)

Bank	Structural currency exposures in overseas operations RM'000	Hedges by funding in respective currencies RM'000	Other currency hedges RM'000	Net structural currency exposures RM'000
Currency of structural exposures				
2009				
Singapore Dollar	**699,451**	**-**	**(699,451)**	**-**
Great Britain Pound	**(264,622)**	**-**	**-**	**(264,622)**
Hong Kong Dollar	**(29,482)**	**-**	**-**	**(29,482)**
United States Dollar	**(129,020)**	**129,020**	**-**	**-**
Indonesia Rupiah	**7,903,061**	**-**	**-**	**7,903,061**
Others	**548,413**	**-**	**-**	**548,413**
	8,727,801	**129,020**	**(699,451)**	**8,157,370**
2008				
Singapore Dollar	506,136	-	(506,136)	-
Great Britain Pound	6,997	-	-	6,997
Hong Kong Dollar	(19,720)	-	-	(19,720)
United States Dollar	(11,727)	11,727	-	-
Indonesia Rupiah	272,500	-	-	272,500
Others	279,003	-	-	279,003
	1,033,189	11,727	(506,136)	538,780

47. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Financial instruments comprise financial assets, financial liabilities and also off-balance sheet derivatives. The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale. The information presented herein represents best estimates of fair values of financial instruments at the balance sheet date.

47. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONT'D.)

Loans, advances and financing to customers, where such market prices are not available, various methodologies have been used to estimate the approximate fair values of such instruments. These methodologies are significantly affected by the assumptions used and judgements made regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows, future expected loss experience and other factors. Changes in the assumptions could significantly affect these estimates and the resulting fair value estimates. Therefore, for a significant portion of the Group's and the Bank's financial instruments, including loans, advances and financing to customers, their respective fair value estimates do not purport to represent, nor should they be construed to represent, the amounts that the Group and the Bank could realise in a sale transaction at the balance sheet date. The fair value information presented herein should also in no way be construed as representative of the underlying value of the Group and the Bank as a going concern.

The on-balance sheet financial assets and financial liabilities of the Group and the Bank whose fair values are required to be disclosed in accordance with FRS132 comprise all its assets and liabilities with the exception of investments in subsidiaries, investments in associated companies, property, plant and equipment, provision for current and deferred taxation, life and family takaful fund assets, and life and family takaful fund liabilities. The information on the fair values of financial assets and financial liabilities of the life and family takaful fund is disclosed in Note 53.

The estimated fair values of those on-balance sheet financial assets and financial liabilities as at the balance sheet date approximate their carrying amounts as shown in the balance sheets, except for the following financial assets and liabilities:

Group	2009		2008	
	Carrying Value RM'000	Fair Value RM'000	Carrying Value RM'000	Fair Value RM'000
Financial assets				
Securities held-to-maturity	**8,360,751**	**8,418,848**	1,186,227	1,190,880
Loans, advances and financing*	**185,783,166**	**194,907,563**	164,614,175	170,860,739
Financial liabilities				
Deposits from customers	**212,598,589**	**212,790,804**	187,112,077	187,181,197
Deposits and placements of banks and other financial institutions	**28,781,863**	**28,418,927**	23,136,879	23,136,879
Recourse obligation on loans sold to Cagamas	**516,265**	**521,876**	1,274,069	1,279,396
Borrowings	**1,512,310**	**1,512,310**	1,417,227	1,417,227
Subordinated obligations	**8,672,373**	**7,803,563**	4,975,723	4,768,309
Capital Securities	**6,047,541**	**6,522,337**	3,497,316	3,491,154

47. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONT'D.)

Bank	2009		2008	
	Carrying Value RM'000	Fair Value RM'000	Carrying Value RM'000	Fair Value RM'000
Financial assets				
Securities held-to-maturity	**6,831,898**	**6,834,648**	672,972	685,797
Loans, advances and financing*	**144,431,798**	**149,220,961**	138,855,474	148,262,787
Financial liabilities				
Deposits from customers	**163,452,930**	**163,614,082**	156,322,564	156,382,594
Deposits and placements of banks and other financial institutions	**30,121,916**	**29,779,709**	24,430,070	24,430,070
Recourse obligation on loans sold to Cagamas	**516,265**	**521,876**	1,274,069	1,279,396
Borrowings	**1,512,310**	**1,512,310**	1,417,227	1,417,227
Subordinated obligations	**8,152,239**	**7,803,563**	4,975,723	4,768,309
Capital Securities	**6,047,541**	**6,522,337**	3,497,316	3,491,154

* The general allowance for the Group and the Bank amounting to RM3,725,599,000 (2008: RM3,187,611,000) and RM2,937,055,000 (2008: RM2,728,516,000) respectively have been added back to arrive at the carrying value of the loans, advances and financing.

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(a) Cash and short-term funds

The carrying amount approximates fair value due to the relatively short maturity of the financial instruments.

(b) Deposits and placements with financial institutions, securities purchased under resale agreement, obligations on securities sold under repurchase agreement and bills and acceptances payable

The fair values of those financial instruments with remaining maturities of less than one year approximate their carrying values due to their relatively short maturities. For those financial instruments with maturities of more than one year, the fair values are estimated based on discounted cash flows using applicable prevailing market rates of similar remaining maturities at the balance sheet date.

(c) Securities

Fair values of securities that are actively traded is determined by quoted bid prices. For non-actively traded securities, independent broker quotations are obtained. Fair values of equity securities are estimated using a number of methods, including earnings multiples and discounted cash flow analysis. Where discounted cash flow technique is used, the estimated future cash flows are discounted using applicable prevailing market or indicative rates of similar instruments at the balance sheet date.

47. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONT'D.)

(d) Loans, advances and financing

The fair values of variable rate loans are estimated to approximate their carrying values. For fixed rate loans and Islamic financing, the fair values are estimated based on expected future cash flows of contractual instalment payments, discounted at applicable and prevailing rates at balance sheet date offered for similar facilities to new borrowers with similar credit profiles. In respect of non-performing loans, the fair values are deemed to approximate the carrying values which are net of interest/income-in-suspense and specific provision for bad and doubtful debts and financing.

(e) Deposits from customers, deposits and placements of banks and other financial institutions

The fair values of deposits payable on demand and deposits and placements with maturities of less than one year approximate their carrying values due to the relatively short maturity of these instruments. The fair values of fixed deposits and placements with remaining maturities of more than one year are estimated based on discounted cash flows using applicable rates currently offered for deposits and placements with similar remaining maturities. The fair value of Islamic deposits are estimated to approximate their carrying values as the profit rates are determined at the end of their holding periods based on the actual profits generated from the assets invested.

(f) Recourse obligation on loans sold to Cagamas

The fair values of recourse obligation on housing and hire purchase loans sold to Cagamas are determined based on the discounted cash flows of future instalment payments at applicable prevailing Cagamas rates as at balance sheet date.

(g) Subordinated obligations

The fair values of subordinated obligations are estimated by discounting the expected future cash flows using the applicable prevailing interest rates for borrowings with similar risks profiles.

(h) Derivative financial instruments

Fair values of derivative instruments are normally zero or negligible at inception and the subsequent change in value is favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms. The fair values of the Group's and the Bank's derivative instruments are estimated by reference to quoted market prices. Internal models are used where no market price is available.

48. CAPITAL AND OTHER COMMITMENTS

(a) Capital expenditure approved by directors but not provided for in the financial statements amounted to:

	Group		Bank	
	2009 RM'000	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**
Approved and contracted for	**219,786**	122,439	**216,352**	122,439
Approved but not contracted for	**122,068**	77,189	**107,243**	77,189
	341,854	199,628	**323,595**	199,628
(b) Uncalled capital in shares of subsidiaries	**-**	-	**-**	280

48. CAPITAL AND OTHER COMMITMENTS (CONT'D.)

(c) The Bank is committed to the following proposed acquisition as at financial year end:

	Note	Group and Bank 2009 RM'000	2008 RM'000
PT Bank Internasional Indonesia Tbk ("BII")	51 (a)	**-**	4,316,200
An Binh Commercial Joint Stock Bank	51 (b)	**79,909**	430,000
Additional 5% equity interest in MCB Bank Limited ("MCB")	51 (c)	**-**	703,100

49. CAPITAL ADEQUACY

The capital adequacy ratios of the Group and the Bank as at 30 June, are as follows:

	Group		Bank	
	2009	2008	2009	2008
Without deducting proposed dividend*:				
Core capital ratio:				
Credit risk	**12.86%**	11.78%	**16.77%**	12.94%
Credit and market risks	**11.00%**	10.44%	**14.29%**	11.47%
Risk-weighted capital ratio:				
Credit risk	**17.53%**	14.76%	**16.77%**	14.34%
Credit and market risks	**14.99%**	13.09%	**14.29%**	12.71%
After deducting proposed dividend:				
Core capital ratio:				
Credit risk	**12.64%**	11.36%	**16.51%**	12.49%
Credit and market risks	**10.81%**	10.08%	**14.06%**	11.06%
Risk-weighted capital ratio:				
Credit risk	**17.31%**	14.35%	**16.51%**	13.89%
Credit and market risks	**14.81%**	12.72%	**14.06%**	12.30%

* In arriving at the capital base used in the ratio calculations of the Group and the Bank, the proposed dividends for respective financial years were not deducted.

49. CAPITAL ADEQUACY (CONT'D.)

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Tier 1 capital				
Paid-up share capital	**7,077,663**	4,881,123	**7,077,663**	4,881,123
Share premium	**5,901,692**	2,097,011	**5,901,692**	2,097,011
Other reserves	**11,310,142**	11,480,515	**10,079,987**	11,298,419
Capital Securities:-				
Innovative Tier 1 capital	**2,550,029**	-	**2,550,029**	-
Non-Innovative Tier 1 capital	**3,497,512**	3,497,316	**3,497,512**	3,497,316
Less: Deferred tax assets	**(1,493,132)**	(1,217,490)	**(1,194,897)**	(1,122,138)
Goodwill	**(3,963,210)**	(81,015)	**(81,015)**	(81,015)
Total Tier 1 capital	**24,880,696**	20,657,460	**27,830,971**	20,570,716
Tier 2 capital				
Subordinated obligations	**8,653,373**	4,975,723	**8,152,239**	4,975,723
General allowance for bad and doubtful debts and financing	**3,725,599**	3,187,611	**3,038,025**	2,800,684
Total Tier 2 capital	**12,378,972**	8,163,334	**11,190,264**	7,776,407
Total capital	**37,259,668**	28,820,794	**39,021,235**	28,347,123
Less: Investment in subsidiaries and associates #	**(3,342,964)**	(2,931,688)	**(12,067,698)**	(5,554,281)
Capital base	**33,916,704**	25,889,106	**26,953,537**	22,792,842

Excludes the cost of investment in a subsidiary, Myfin Berhad of RM19,993,759 (2008: RM840,000,000), as its business, assets and liabilities have been transferred to the Bank in the previous financial year.

The Group and Bank's comparatives have been adjusted based on the BNM Circular on Risk-Weighted Capital Adequacy Framework (General Requirements and Capital Components).

49. CAPITAL ADEQUACY (CONT'D.)

The breakdown of risk-weighted assets (excluding deferred tax assets) in the various categories of risk-weights are as follows:

	2009		2008	
	Principal RM'000	Risk-weighted RM'000	Principal RM'000	Risk-weighted RM'000
Group				
0%	**35,034,146**	**-**	27,818,940	-
10%	**362,633**	**36,263**	385,512	38,551
20%	**28,968,131**	**5,793,626**	33,777,022	6,755,404
50%	**33,248,708**	**16,624,354**	31,768,097	15,884,049
100%	**170,959,552**	**170,959,552**	152,663,244	152,663,244
Total risk-weighted assets for credit risk		**193,413,795**		175,341,248
Total risk-weighted assets for market risk		**32,700,870**		22,365,596
Total risk-weighted assets for credit and market risks		**226,114,665**		197,706,844
Bank				
0%	**24,132,473**	**-**	19,006,042	-
10%	**15,738**	**1,574**	259,589	25,959
20%	**30,769,597**	**6,153,919**	36,482,606	7,296,521
50%	**27,005,260**	**13,502,630**	26,741,144	13,370,572
100%	**141,015,316**	**141,015,316**	138,196,065	138,196,065
Total risk-weighted assets for credit risk		**160,673,439**		158,889,117
Total risk-weighted assets for market risk		**27,922,999**		20,430,101
Total risk-weighted assets for credit and market risks		**188,596,438**		179,319,218

50. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business and geographical segments.

The primary format, business segment information, is prepared based on internal management reports, which are used by senior management for decision-making and performance management. The amounts for each business segment are shown after the allocation of certain centralised cost, funding income and the applicable transfer pricing where appropriate. Transactions between segments are recorded within the segment as if they are third party transactions and are eliminated on consolidation. All inter-segment transactions are conducted at arm's length basis on normal commercial terms that are not more favourable than those generally available to public.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Capital expenditure comprises additions to property, plant and equipment.

(a) Primary segment – by business segment

The Group comprises the following main business segments:

(i) Banking

The Banking segment focuses on business of banking in all its aspects which also include IBS operations. Its activities are generally structured into two key areas, Consumer Banking and Business Banking.

Consumer Banking comprises the full range of products and services offered to individuals, including savings and fixed deposits, remittance services, current accounts, consumer loans such as housing loans and personal loans, unit trusts, bancassurance products and credit cards.

Business Banking provides a full range of financial services to business customers, ranging from large corporates and the public sector to small and medium enterprises. The products and services offered include long-term loans such as project financing, short-term credit such as overdrafts and trade financing, and fee-based services such as cash management and custodian services.

(ii) Investment Banking

The Investment Banking segment includes business of an investment bank, discount house and securities broker. This segment focuses on business needs of mainly large corporate customers and financial institutions. The products and services offered to customers include direct lending, advisory banking services, bond issuance, equity financing, syndicated financing, mergers and acquisitions advisory services, debt restructuring advisory services, and share and futures dealings.

(iii) Insurance and Takaful

The insurance and takaful segment includes the business of underwriting all classes of general and life insurance businesses, offshore investment life insurance business, general takaful and family takaful businesses.

(iv) Others

The "Others" segment includes asset and fund management, nominee and trustee services and custodian services.

50. SEGMENT INFORMATION (CONT'D.)

(a) Primary segment - by business segment (cont'd.)

Group 2009	Banking and Finance RM'000	Investment Banking RM'000	Insurance and Takaful RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Revenue						
External revenue	16,305,177	365,598	884,802	30,760	-	17,586,337
Dividends from subsidiaries	674,653	1,124	178,250	50,591	(904,618)	-
Other inter-segment revenue	455,575	46,470	31,606	312,034	(845,685)	-
Total inter-segment revenue	1,130,228	47,594	209,856	362,625	(1,750,303)	-
Total operating revenue	17,435,405	413,192	1,094,658	393,385	(1,750,303)	17,586,337
Segment results - operating profit	5,241,806	124,589	473,824	111,826	(992,193)	4,959,852
Allowance for losses on loans, advances and financing	(1,705,055)	2,992	(124)	3,373	-	(1,698,814)
(Impairment losses)/writeback of impairment	(197,968)	(5,000)	2,960	2,519	-	(197,489)
Impairment loss on investment in associates	(353,067)	-	-	-	-	(353,067)
Writeoff and impairment losses on goodwill	(1,617,000)	(2,518)	-	-	-	(1,619,518)
Writeback of allowance for non-refundable deposit	483,824	-	-	-	-	483,824
Share of results of associates	99,995	-	-	(491)	-	99,504
Profit before taxation and zakat	1,952,535	120,063	476,660	117,227	(992,193)	1,674,292
Taxation and zakat	(905,276)	(12,301)	(118,294)	(11,890)	124,183	(923,578)
Profit after taxation and zakat	1,047,259	107,762	358,366	105,337	(868,010)	750,714
Minority interests						(58,839)
Net profit for the year						691,875
Assets and liabilities						
Segment assets	315,031,705	5,919,865	21,839,456	6,930,625	(41,612,651)	308,109,000
Investment in associates	2,384,679	-	-	287,165	(41,721)	2,630,123
Total assets	317,416,384	5,919,865	21,839,456	7,217,790	(41,654,372)	310,739,123
Total segment liabilities	273,116,999	4,779,673	17,839,112	4,283,006	(15,047,644)	284,971,146
Other information						
Capital expenditure	230,652	917	4,011	479	-	236,059
Depreciation	137,034	2,773	5,501	859	-	146,167
Amortisation	129,877	442	1,890	158	-	132,367
Non-cash expenses/(income) other than depreciation	1,913,160	(17,488)	(5,186)	(19,522)	-	1,870,964

50. SEGMENT INFORMATION (CONT'D.)

(a) Primary segment – by business segment (cont'd.)

Group 2008	Banking and Finance RM'000	Investment Banking RM'000	Insurance and Takaful RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Revenue						
External revenue	14,876,539	454,578	784,783	38,042	-	16,153,942
Dividends from subsidiaries	10,065	3,559	183,948	1,033	(198,605)	-
Other inter-segment revenue	176,830	52,221	30,045	12,614	(271,710)	-
Total inter-segment revenue	186,895	55,780	213,993	13,647	(470,315)	-
Total operating revenue	15,063,434	510,358	998,776	51,689	(470,315)	16,153,942
Segment results - operating profit	4,845,480	152,418	516,240	(622)	(198,954)	5,314,562
Allowance for losses on loans, advances and financing	(849,008)	39,364	(115)	(302)	-	(810,061)
(Impairment losses)/writeback of impairment	58,699	(21,000)	(369)	28,905	-	66,235
Allowance for non-refundable deposit	(483,824)	-	-	-	-	(483,824)
Share of results of associates	(416)	-	-	(426)	-	(842)
Profit before taxation and zakat	3,570,931	170,782	515,756	27,555	(198,954)	4,086,070
Taxation and zakat	(892,370)	(47,956)	(155,022)	(9,709)	21,327	(1,083,730)
Profit after taxation and zakat	2,678,561	122,826	360,734	17,846	(177,627)	3,002,340
Minority interests						(74,138)
Net profit for the year						2,928,202
Assets and liabilities						
Segment assets	255,433,080	9,124,230	20,503,181	4,554,556	(22,733,194)	266,881,853
Investment in associates	33,320	-	-	2,185,527	-	2,218,847
Total assets	255,466,400	9,124,230	20,503,181	6,740,083	(22,733,194)	269,100,700
Total segment liabilities	236,405,562	7,812,240	16,674,852	4,224,649	(16,108,365)	249,008,938
Other information						
Capital expenditure	195,898	3,998	5,462	93	-	205,451
Depreciation	121,076	2,512	9,057	1,636	-	134,281
Amortisation	45,781	1,287	2,436	190	-	49,694
Non-cash expenses/(income) other than depreciation	351,985	16,736	(881)	(63)	-	367,777

50. SEGMENT INFORMATION (CONT'D.)

(b) Secondary segment - by geographical locations

In presenting information on the basis of geographical segments, segment revenue is based on geographical locations of customers. Segment assets are based on the geographical locations of assets.

The Group has operations in Malaysia, Singapore, Indonesia, Philippines, Papua New Guinea, Brunei Darussalam, People's Republic of China, Hong Kong SAR, Vietnam, United Kingdom, United States of America, Cambodia and Bahrain.

With the exception of Malaysia, Singapore and Indonesia, no other individual country contributed more than 5% of the consolidated revenue before operating expenses and of total assets.

	External Revenue RM'000	Capital Expenditure RM'000	Segment Assets RM'000	Profit before Taxation and Zakat RM'000
2009				
Malaysia	**14,011,354**	**138,740**	**240,835,587**	**1,333,067**
Singapore	**2,045,023**	**24,124**	**52,168,306**	**595,532**
Indonesia	**2,150,641**	**38,162**	**24,562,935**	**(1,508,056)**
Others	**1,129,622**	**35,033**	**34,826,667**	**2,245,942**
	19,336,640	**236,059**	**352,393,495**	**2,666,485**
Elimination	**(1,750,303)**	**-**	**(41,654,372)**	**(992,193)**
Group	**17,586,337**	**236,059**	**310,739,123**	**1,674,292**
2008				
Malaysia	13,147,416	164,372	221,821,839	3,593,692
Singapore	2,200,909	33,883	47,059,587	530,908
Others	1,275,932	7,196	22,952,468	160,424
	16,624,257	205,451	291,833,894	4,285,024
Elimination	(470,315)	-	(22,733,194)	(198,954)
Group	16,153,942	205,451	269,100,700	4,086,070

51. SIGNIFICANT AND SUBSEQUENT EVENTS

(a) (i) Acquisition of up to 100% of the Issued and Paid-up Share Capital of Sorak Financial Holdings Pte. Ltd. ("Sorak") for a Total Cash Consideration of approximately Indonesian Rupiah ("Rp") 13.9 Trillion (or the Equivalent of Approximately RM4.8 Billion)

(ii) Acquisition of 7,947,019,338 shares in PT Bank Internasional Indonesia Tbk ("BII") from certain shareholders of BII; and

(iii) Tender offer by the Bank to acquire all the remaining shares of BII, being owned by the public shareholders, which are not sold by the public shareholders through open market, and any new ordinary shares in BII that may be issued pursuant to the exercise of options under BII's Employee Share Option Plan, at a tender offer price of Rp510 per share (the "Offer")

(The above are collectively referred as "Acquisition of BII")

Acquisition of up to 100% of the Issued and Paid-up Share Capital of Sorak Financial Holdings Pte. Ltd. ("Sorak") for a Total Cash Consideration of approximately Indonesian Rupiah ("Rp") 13.9 Trillion (or the Equivalent of Approximately RM4.8 Billion)

On 26 March 2008, the Bank announced that it has entered into a Share Sale Agreement ("SSA") to acquire up to 100% of Sorak Financial Holdings Pte. Ltd. ("Sorak") for a cash consideration of approximately Indonesian Rupiah ("Rp") 13.9 trillion or the equivalent of approximately RM4.8 billion.

Sorak is 75%-owned by Fullerton Financial Holdings Pte. Ltd. ("FFH"), a wholly owned subsidiary of Temasek Holdings (Private) Limited and 25% owned by Kookmin Bank ("KB"). Sorak owns approximately 55.7% equity interest in BII.

On 30 September 2008, the above acquisition was completed via Maybank Offshore Corporate Services (Labuan) Sdn. Bhd., at a cash consideration of SGD1.8 billion or the equivalent of approximately RM4.17 billion, after taking into consideration the deposit of RM483.8 million paid earlier on 26 March 2008 and deducting additional rebate of approximately SGD315.2 million or the equivalent of approximately RM758.9 million.

Acquisition of 7,947,019,338 shares in PT Bank Internasional Indonesia Tbk ("BII") from certain shareholders of BII; and

On 10 October 2008, the Bank via MOCS has completed the acquisition of 7,947,019,338 shares in BII or approximately 16.26% of the total issued shares of BII (as at 31 March 2008) at a total cash consideration of Rp3.44 trillion or approximately RM1.26 billion from certain shareholders of BII.

Tender offer by the Bank to acquire all the remaining shares of BII, being owned by the public shareholders, which are not sold by the public shareholders through open market, and any new ordinary shares in BII that may be issued pursuant to the exercise of options under BII's Employee Share Option Plan, at a tender offer price of Rp510 per share (the "Offer")

On 21 October 2008, the Bank via MOCS has announced a tender offer to acquire all the remaining shares of BII, being owned by the public shareholders, which are not sold by the public shareholders through open market, and any new ordinary shares in BII that may be issued pursuant to the exercise of options under BII's Employee Share Option Plan, at a tender offer price of Rp510 per share (the "Offer").

51. SIGNIFICANT AND SUBSEQUENT EVENTS (CONT'D.)

The Offer was conducted from 21 October 2008 to 19 November 2008. MOCS has received 3,423 valid acceptances from the public shareholders of BII and the payment for the BII shares which were accepted pursuant to the Offer, was completed on 1 December 2008.

On 1 December 2008, MOCS has completed the acquisition of approximately 12.6 billion shares in BII, representing approximately 25.3% of the equity interest in BII and the total cost of acquisition for the Offer is approximately Rp6.94 trillion or approximately RM2.43 billion.

With the completion of the Offer, the Acquisition of BII is completed. The Bank now effectively holds approximately 97.5% of the equity interest in BII. The remaining 2.5% of the equity interest in BII is currently held by the public shareholders of BII and BII will continue to be listed on the Indonesia Stock Exchange.

In addition to that, Bapepam has informed the Bank vide its letter dated 15 September 2008 of the possibility of a conditional extension to the timeframe of the 20% re-float requirement based on the New Take-Over Rule ("SellDown Requirement"), namely, subject to the following conditions:

(i) in the event that a re-float exercise would risk potential material losses to the new controlling party;

(ii) the material losses condition mentioned above shall be triggered whereby the potential losses incurred by the new controlling party exceeds 10% of the total investment value incurred in acquiring the listed company.

(b) Acquisition of approximately 15% of the total charter capital of Vietnam's An Binh Commercial Joint Stock Bank ("An Binh")

On 24 September 2008, Maybank had successfully completed the acquisition of 15% of the total paid-up Charter Capital of An Binh pursuant to the Subscription Agreement dated 21 March 2008 and Supplemental Agreement dated 9 September 2008 for a cash consideration of approximately RM327 million.

Further, subject to the approval of the relevant authorities, Maybank will also subscribe for an additional 5% of the total Charter Capital of An Binh.

(c) Acquisition of an additional 5% of the Issued and Paid-Up Share Capital of Pakistan's MCB Bank Limited ("MCB")

On 8 August 2008, the Bank via Mayban International Trust (Labuan) Berhad ("MITB") completed the acquisition of additional 5% of the issued and paid-up capital of MCB for a cash consideration of PKR 15.486 billion or the equivalent amount of approximately RM703.1 million. The additional 5% shareholding increased the Bank's shareholding in MCB from 15% as at 30 June 2008 to 20% as at 30 June 2009.

(d) Acquisition of BinaFikir Sdn. Bhd. ("BinaFikir")

On 27 August 2008, Maybank Investment Bank Berhad (formerly known as Aseambankers Malaysia Berhad) ("Maybank IB") entered into a share sale agreement ("Share Sale Agreement") with En. Mohammed Rashdan Mohd Yusof and En. Amirul Feisal Wan Zahir for the purchase of the entire issued and paid-up capital of BinaFikir ("Acquisition of BinaFikir").

51. SIGNIFICANT AND SUBSEQUENT EVENTS (CONT'D.)

(d) Acquisition of BinaFikir Sdn. Bhd. ("BinaFikir") (cont'd.)

The Acquisition of BinaFikir shall be executed at an initial purchase consideration based on net book value and an additional final purchase consideration dependent on net earnings of BinaFikir from their existing mandates as at 31 August 2008, to be determined based on actual results as at 30 June 2009.

On 11 November 2008, Maybank IB completed the acquisition of the entire issued and paid up capital of BinaFikir for a provisional consideration of RM3.7 million.

(e) Issuance of Innovative Tier 1 Capital Securities ("IT1CS") Programme of up to RM4.0 billion and/or its Foreign Currency Equivalent in Nominal Value ("IT1CS Programme") by Maybank

The IT1CS has been structured to comply with Bank Negara Malaysia ("BNM") Guidelines on Innovative Tier 1 capital instruments. The Bank has obtained approvals from BNM and the Securities Commission vide their letters dated 28 May 2008 and 4 June 2008 respectively to issue the IT1CS Programme.

The IT1CS is issued in the form of capital securities via an IT1CS Programme. The IT1CS Programme would have a sixty five (65)-year tenure from the date of the first issuance.

The Bank shall have the option to redeem, in whole and not in part, any IT1CS issued on the First Optional Redemption Date of each IT1CS issued, which is a date failing no less than 10 years or no more than 15 years from the respective IT1CS date of first issuance, and every interest payment date thereafter, subject to prior approval of BNM.

The proceeds of the IT1CS Programme shall be used for the Bank's working capital, general banking and other corporate purposes.

During the year, the following has been issued under the IT1CS Programme:

(i) SGD600 million IT1CS

On 11 August 2008, the Bank issued SGD600 million IT1CS, details of which are disclosed in Note 26 (ii) to the financial statements.

(ii) RM1.1 billion IT1CS

On 25 September 2008, the Bank issued RM1.1 billion IT1CS, details of which are disclosed in Note 26 (iii) to the financial statements.

(f) Issuance of RM3.1 billion Tier 2 Capital Subordinated Term Loan Facility

On 28 November 2008, the Bank secured RM3.1 billion Tier 2 Capital Subordinated Term Loan Facility, details of which are disclosed in Note 25 (v) to the financial statements.

51. SIGNIFICANT AND SUBSEQUENT EVENTS (CONT'D.)

(g) Renounceable Rights Issue On The Basis Of Nine (9) Ordinary Shares Of RM1.00 Each In The Bank ("Rights Shares") For Every Twenty (20) Existing Ordinary Shares of RM1.00 Each Held In The Bank ("Shares")

On 27 February 2009, the Bank announced that it was proposing to undertake a proposed renounceable rights issue on the basis of nine (9) Rights Shares for every twenty (20) existing Shares held ("Rights Issue") as part of its ongoing strategic transformation plan ("Strategic Transformation Plan").

On 30 April 2009, the Rights Issue has been completed and resulted in the issuance of 2,196,516,217 new ordinary shares of RM1.00 each at an issue price of RM2.74 per share held on 2 April 2009 or the equivalent of approximately RM6.0 billion.

Details of the Rights Issue are disclosed in Note 27 (a) to the financial statements.

(h) Capital Reduction in Sri MTB Bhd, a wholly owned subsidiary company of Mayban Fortis Holdings Berhad ("MFHB")

On 11 December 2008, the issued & paid up capital of Sri MTB Bhd was reduced from RM100,000,000 divided into 100,000,000 ordinary shares of RM1.00 each to RM12,000,000 divided into 12,000,000 ordinary shares of RM1.00 each. The reduction was effected by repayment of the issued & paid up capital, which is in excess of the needs of Sri MTB Bhd, by the cancellation of 88,000,000 ordinary shares of RM1.00 each and returning RM88,000,000 to MFHB. MFHB is a subsidiary company of the Bank.

(i) Disposal of Peram Ranum Bhd ("PRB") from Double Care Sdn Bhd ("DCSB") to MFHB

On 31 December 2008, DCSB had completed the disposal of 100% of the issued & paid up share capital in PRB to MFHB for a cash consideration of RM1.00. Upon the completion of the disposal, DCSB had also waived the entire inter-company balances due from PRB amounting RM17.3 million.

(j) Memorandum of Understanding ("MOU") between Maybank and PT Panin Life Tbk ("Panin")

Maybank entered into a MOU with Panin on 30 March 2007 to commence discussion on a possible joint venture partnership via a 60% stake in PT Anugrah Life Insurance, a subsidiary of Panin.

On 6 November 2007, the Ministry of Finance of the Republic of Indonesia ("MOFI") informed Panin that the MOFI was unable at this stage to proceed to consider the application for approval on the above proposed acquisition due to the limitations of Article 43(2) of the MOF Regulation No. 426/MKM.06/2003 which requires a foreign company to maintain a majority of its portfolio in insurance business should it wish to become a shareholder of a local insurance company.

The Board of Directors of Maybank and Mayban Fortis Holdings Berhad and its joint venture partner, Fortis, have agreed that Maybank's insurance and takaful holding company, Mayban Fortis Holdings Berhad ("Mayban Fortis") will replace Maybank to pursue the proposed acquisition of PT Anugrah Life Insurance ("Anugrah").

51. SIGNIFICANT AND SUBSEQUENT EVENTS (CONT'D.)

(j) Memorandum of Understanding ("MOU") between Maybank and PT Panin Life Tbk ("Panin") (cont'd.)

Mayban Fortis had on 26 March 2008 obtained approval from Bank Negara Malaysia for the proposed acquisition which is one of the prerequisites in the submissions to the Indonesian authorities.

Anugrah has informed that the MOFI had vide its letter dated 8 May 2008, approved the application of Anugrah to change its ownership with Mayban Fortis acquiring 60% from Panin.

The abovementioned approval obtained from MOFI had lapsed on 4 August 2008.

On 3 September 2008, Maybank notified Panin and Anugrah that all arrangements relating to its pursuant to the above MOU be formally terminated.

(k) Family takaful business joint venture in Pakistan

On 23 June 2008, the Bank received approval from Bank Negara Malaysia to establish or acquire a subsidiary to be used as a Special Purpose Vehicle ("SPV") for the purpose of acquiring 30% of the issued and paid-up capital of Pak-Kuwait Takaful Company Limited.

The Bank had on 8 July 2008 acquired Pelangi Amanmaz Sdn Bhd ("PASB") as a subsidiary to be used as the SPV for the joint venture. PASB has an authorised capital of RM100,000 comprising 100,000 ordinary shares of RM1.00 each and issued and paid-up capital of RM2.00 comprising 2 ordinary shares of RM1.00 each.

Through the acquisition, the Bank intends to venture into the Family Takaful business in Pakistan. Pak-Kuwait Family Takaful Company Limited is a newly incorporated company and it is in the process of applying for license from the authorities in Pakistan to operate the family Takaful business. It is a joint venture between Pak-Kuwait Investment Company Private Limited, Allied Bank Limited and Saudi Pak Industrial and Agriculture Investment Company Limited. The issue and paid-up capital of the company is Pakistan Rupees 500 million.

All parties are currently negotiating and finalising the terms of the joint venture.

52. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS")

Balance sheets as at 30 June 2009

	Note	Group 2009 RM'000	Group 2008 RM'000	Bank 2009 RM'000	Bank 2008[1] RM'000
Assets					
Cash and short-term funds	(a)	**4,403,717**	3,193,457	**-**	-
Deposits and placements with banks and other financial institutions	(b)	**49,659**	1,261	**-**	-
Securities portfolio	(c)	**4,324,549**	2,877,245	**-**	-
Financing and advances	(d)	**25,432,558**	21,024,816	**-**	-
Deferred tax assets	(e)	**58,397**	27,482	**-**	-
Derivative assets	(i)	**23,641**	45,185	**-**	-
Other assets		**209,245**	232,636	**-**	-
Statutory deposits with Bank Negara Malaysia	(f)	**206,000**	775,000	**-**	-
		34,707,766	28,177,082	**-**	-
Liabilities					
Deposits from customers	(g)	**24,778,718**	19,803,980	**-**	-
Deposits and placements of banks and other financial institutions	(h)	**6,153,166**	5,589,635	**-**	-
Bills and acceptances payable		**2,931**	390,110	**-**	-
Derivatives liabilities	(i)	**27,138**	45,200	**-**	-
Other liabilities	(j)	**1,020,861**	477,604	**-**	-
Provision for taxation and zakat	(l)	**28,597**	49,080	**-**	-
		32,011,411	26,355,609	**-**	-

52. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

Balance sheets as at 30 June 2009 (cont'd.)

	Note	Group 2009 RM'000	Group 2008 RM'000	Bank 2009 RM'000	Bank 2008[1] RM'000
Islamic banking capital funds					
Islamic banking funds		**197,476**	111,980	**-**	-
Reserves		**2,498,879**	1,709,493	**-**	-
		2,696,355	1,821,473	**-**	-
		34,707,766	28,177,082	**-**	-
Commitments and contingencies	(s)	**15,234,088**	8,728,220	**-**	-

[1] The assets and liabilities of the Islamic Banking Business of Maybank in Malaysia have been effected and vested to Maybank Islamic Berhad, a wholly-owned subsidiary, on 1 January 2008.

52. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

Income statements for the year ended 30 June 2009

	Note	Group 2009 RM'000	Group 2008 RM'000	Bank 2009 RM'000	Bank 2008 RM'000
Income derived from investment of depositors' funds	(m)	**1,549,778**	1,435,265	**-**	706,273
Expenses directly attributable to depositors and Islamic Banking Funds		**(32,943)**	(146,903)	**-**	(33,852)
Transfer from/(to) profit equalisation reserve		**19,433**	(1,570)	**-**	(10,225)
Gross attributable income		**1,536,268**	1,286,792	**-**	662,196
Allowances for losses on financing and advances	(n)	**(198,652)**	(222,132)	**-**	(108,897)
Total attributable income		**1,337,616**	1,064,660	**-**	553,299
Income attributable to the depositors	(o)	**(655,319)**	(485,091)	**-**	(249,977)
Income attributable to the Group/Bank		**682,297**	579,569	**-**	303,322
Income derived from investment of Islamic Banking Funds:					
Gross investment income	(p)	**131,025**	104,487	**-**	45,337
Finance cost		**-**	(39,569)	**-**	(39,569)
Net investment income of Islamic Banking Funds		**131,025**	64,918	**-**	5,768
		813,322	644,487	**-**	309,090
Overhead expenses	(q)	**(331,218)**	(371,273)	**-**	(202,276)
Profit before taxation and zakat		**482,104**	273,214	**-**	106,814
Taxation	(r)	**(114,959)**	(70,832)	**-**	(32,200)
Zakat		**(6,055)**	(3,592)	**-**	(1,495)
Profit for the year		**361,090**	198,790	**-**	73,119

52. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

Income statements for the year ended 30 June 2009 (cont'd.)

For consolidation and amalgamation with the conventional operations, net income from Islamic Banking Scheme comprises the following items:

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Gross attributable income	**1,536,268**	1,286,792	**-**	662,196
Net income from investment Islamic Banking Funds	**131,025**	64,918	**-**	5,768
Total income before allowances for loan loss and overhead expenses	**1,667,293**	1,351,710	**-**	667,964
Income attributable to the depositors	**(655,319)**	(485,091)	**-**	(249,977)
	1,011,974	866,619	**-**	417,987
Net of intercompany income and expenses	**212,347**	97,987	**-**	-
Income from Islamic Banking Scheme operations reported in the Group-wide/Bank-wide income statement	**1,224,321**	964,606	**-**	417,987

The accompanying notes form an integral part of the financial statements.

Statement of changes in Islamic Banking Fund for the year ended 30 June 2009

	<---------- Non-distributable ---------->						
Group	Islamic Banking Fund RM'000	Share Premium RM'000	Unrealised Holding Reserve RM'000	Exchange Fluctuation Reserve RM'000	Statutory Reserve RM'000	Distributable Retained Profits RM'000	Total RM'000
At 1 July 2007	521,003	-	16,943	(2,935)	-	1,428,735	1,963,746
Currency translation differences	-	-	-	2,713	-	-	2,713
Unrealised net loss on revaluation of securities available-for-sale	-	-	(52,896)	-	-	-	(52,896)
Net profit/(loss) not recognised in the income statement	-	-	(52,896)	2,713	-	-	(50,183)
Net profit for the year	-	-	-	-	-	198,790	198,790
Issue of ordinary shares pursuant to establishment of Maybank Islamic Berhad	100,000	1,500,000	-	-	-	-	1,600,000
Transfer to Head Office	(509,023)	-	-	-	-	(1,381,857)	(1,890,880)
Transfer to statutory reserves	-	-	-	-	57,983	(57,983)	-
At 30 June 2008	111,980	1,500,000	(35,953)	(222)	57,983	187,685	1,821,473

52. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

Statement of changes in Islamic Banking Fund for the year ended 30 June 2009 (cont'd.)

Group (cont'd.)	<---------- Non-distributable ---------->							
	Islamic Banking Fund RM'000	Share Premium RM'000	Unrealised Holding Reserve RM'000	Exchange Fluctuation Reserve RM'000	Statutory Reserve RM'000	Equity Contribution from the holding company RM'000	Distributable Retained Profits RM'000	Total RM'000
At 1 July 2008	**111,980**	**1,500,000**	**(35,953)**	**(222)**	**57,983**	**-**	**187,685**	**1,821,473**
Currency translation differences	-	-	-	220	-	-	-	220
Unrealised net loss on revaluation of securities available-for-sale	-	-	12,262	-	-	-	-	12,262
Net loss not recognised in the income statement	-	-	12,262	220	-	-	-	12,482
Net profit for the year	-	-	-	-	-	-	361,090	361,090
Waiver of intercompany balance during the year*	-	-	-	-	-	(2,536)	-	(2,536)
Issue of ordinary shares during the year	85,496	488,500	-	-	-	-	-	573,996
Transfer to Head Office	-	-	-	-	-	-	(70,150)	(70,150)
Transfer to statutory reserves	-	-	-	-	89,355	-	(89,355)	-
At 30 June 2009	**197,476**	**1,988,500**	**(23,691)**	**(2)**	**147,338**	**(2,536)**	**389,270**	**2,696,355**

* Arose from waiver of intercompany balance between respective subsidiaries on the instruction of the holding company.

Statement of changes in Islamic Banking Fund for the year ended 30 June 2009 (cont'd.)

Bank	<-------- Non-distributable ------->				
	Islamic Banking Fund RM'000	Unrealised Holding Reserve RM'000	Exchange Fluctuation Reserve RM'000	Distributable Retained Profits RM'000	Total RM'000
At 1 July 2007	516,002	15,453	10	1,376,420	1,907,885
Currency translation differences	-	-	(147)	-	(147)
Unrealised net loss on revaluation of securities available-for-sale	-	(22,424)	-	-	(22,424)
Net loss not recognised in the income statement	-	(22,424)	(147)	-	(22,571)
Net profit for the period	-	-	-	73,119	73,119
Transfer to Head Office	(516,002)	6,971	137	(1,449,539)	(1,958,433)
At 30 June 2008	-	-	-	-	-

52. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

Cash flow statements for the year ended 30 June 2009

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash flows from operating activities				
Profit before taxation and zakat	**482,104**	273,214	**-**	106,814
Adjustments for:				
Allowances for losses on financing and advances	**222,287**	236,336	**-**	118,874
Accretion of discounts less amortisation of premiums of investment securities, net	**(10,089)**	(28,708)	**-**	(14,631)
Loss on exchange fluctuation reserve	**220**	2,713	**-**	-
Profit equalisation reserves	**(20,435)**	(1,570)	**-**	(10,225)
Operating profit before working capital changes	**674,087**	481,985	**-**	200,832
Change in deposits and placements with banks and other financial institutions	**(48,398)**	72,275	**-**	73,536
Change in financing and advances	**(4,630,029)**	(3,349,145)	**-**	17,816,584
Change in derivative assets	**21,544**	(45,185)	**-**	-
Change in other assets	**20,853**	(107,868)	**-**	77,499
Change in statutory reserve	**569,000**	(274,000)	**-**	501,000
Change in deposits from customers	**4,974,738**	3,551,935	**-**	(15,806,576)
Change in deposits and placements of banks and other financial institutions	**563,531**	3,311,613	**-**	(2,278,022)
Change in bills and acceptances payable	**(387,179)**	(136,764)	**-**	(526,874)
Net (purchase)/disposal of securities portfolio	**(1,424,951)**	834,453	**-**	3,488,309
Change in derivatives liabilities	**(18,062)**	45,200	**-**	-
Change in other liabilities	**563,692**	(215,760)	**-**	(636,555)
Cash generated from operations	**878,826**	4,168,739	**-**	2,909,733
Taxes and zakat paid	**(172,412)**	(98,277)	**-**	(77,752)
Net cash generated from operating activities	**706,414**	4,070,462	**-**	2,831,981

52. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

Cash flow statements for the year ended 30 June 2009 (cont'd.)

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash flows from financing activities				
Funds transferred to Head Office	**(70,150)**	(1,890,880)	**-**	(1,965,541)
Proceeds from issuance of shares	**573,996**	1,600,000	**-**	-
Transfer of subordinated bonds to Head Office	**-**	(2,500,000)	**-**	(2,500,000)
Net cash generated from/(used in) financing activity	**503,846**	(2,790,880)	**-**	(4,465,541)
Net increase/(decrease) in cash and cash equivalents	**1,210,260**	1,279,582	**-**	(1,633,560)
Cash and cash equivalents at beginning of year	**3,193,457**	1,913,875	**-**	1,633,560
Cash and cash equivalents at end of year	**4,403,717**	3,193,457	**-**	-
Cash and cash equivalents comprise:				
Cash and short-term funds	**4,403,717**	3,193,457	**-**	-

(a) Cash and short-term funds

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash, balances and deposits with banks and other financial institutions	**4,403,717**	3,193,457	**-**	-

(b) Deposits and placements with banks and other financial institutions

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Licensed banks	**49,238**	-	**-**	-
Bank Negara Malaysia	**421**	1,261	**-**	-
	49,659	1,261	**-**	-

52. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(c) Securities Portfolio

	Note	Group 2009 RM'000	Group 2008 RM'000	Bank 2009 RM'000	Bank 2008 RM'000
Securities available-for-sale	(i)	**4,097,689**	2,877,245	**-**	-
Securities held-to-maturity	(ii)	**196,914**	-	**-**	-
Securities held-for-trading	(iii)	**29,946**	-	**-**	-
		4,324,549	2,877,245	**-**	-

(i) Securities available-for-sale

	Group 2009 RM'000	Group 2008 RM'000	Bank 2009 RM'000	Bank 2008 RM'000
At fair value Money Market Instruments:-				
Cagamas bonds	**-**	37,564	**-**	-
Malaysian Government Investment Issues	**2,722,551**	1,250,474	**-**	-
Negotiable instruments of deposits	**243,401**	138,551	**-**	-
Bankers' acceptances and Islamic accepted bills	**46,119**	676,784	**-**	-
Khazanah bonds	**358,014**	347,275	**-**	-
	3,370,085	2,450,648	**-**	-
Unquoted Securities:-				
Private and Islamic Debt Securities in Malaysia	**663,996**	358,736	**-**	-
Foreign Islamic Debt Securities	**63,608**	67,861	**-**	-
	727,604	426,597	**-**	-
Total securities available-for-sale	**4,097,689**	2,877,245	**-**	-

(ii) Securities held-to-maturity

At amortised Money Market Instruments:-				
Malaysian Government Investment Issues	**196,914**	-	**-**	-
Total securities held-to-maturity	**196,914**	-	**-**	-

52. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(c) Securities Portfolio (cont'd.)

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
(iii) Securities held-for-trading				
At fair value Money Market Instruments:-				
Malaysian Government Investment Issues	**29,946**	-	**-**	-
Total securities held-for-trading	**29,946**	-	**-**	-
The maturity structure of money market instruments are as follows:				
Maturing within one year	**1,125,497**	839,051	**-**	-
One year to three years	**579,932**	1,183,582	**-**	-
Three years to five years	**671,184**	97,030	**-**	-
After five years	**1,220,332**	330,985	**-**	-
	3,596,945	2,450,648	**-**	-

(d) Financing and advances

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Overdrafts	**2,032,608**	1,997,952	**-**	-
Term financing				
-House financing	**4,967,816**	4,671,245	**-**	-
- Syndicated financing	**129,795**	159,073	**-**	-
- Hire purchase receivables	**12,658,514**	8,670,953	**-**	-
- Other term financing	**13,491,187**	10,465,222	**-**	-
Bills receivables	**47,931**	71,263	**-**	-
Trust receipts	**137,853**	152,488	**-**	-
Claims on customers under acceptance credits	**3,374,953**	4,064,557	**-**	-
Staff financing	**308,966**	201,894	**-**	-
Credit/charge cards	**46,343**	-	**-**	-
Revolving credit	**263,100**	-	**-**	-
	37,459,066	30,454,647	**-**	-
Unearned income	**(11,028,542)**	(8,546,218)	**-**	-

52. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(d) Financing and advances (cont'd.)

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Gross financing and advances	**26,430,524**	21,908,429	**-**	-
Allowance for bad and doubtful financing				
- Specific	**(561,520)**	(549,632)	**-**	-
- General	**(436,446)**	(333,981)	**-**	-
Net financing and advances	**25,432,558**	21,024,816	**-**	-
(i) Financing and advances analysed by concepts are as follows:				
Bai' Bithaman Ajil	**9,503,018**	8,200,876	**-**	-
Ijarah	**10,581,933**	7,202,573	**-**	-
Murabahah	**5,914,894**	2,154,161	**-**	-
Other principles	**430,679**	4,350,819	**-**	-
Gross financing and advances	**26,430,524**	21,908,429	**-**	-
(ii) Financing and advances analysed by type of customers are as follows:				
Domestic non-banking institutions	**1,792,588**	1,521,954	**-**	-
Domestic business enterprises				
- Small and medium enterprises	**3,553,629**	4,813,257	**-**	-
- Others	**3,919,824**	2,847,541	**-**	-
Government and statutory bodies	**69,465**	111,513	**-**	-
Individuals	**16,850,272**	12,425,815	**-**	-
Other domestic entities	**12,263**	2,146	**-**	-
Foreign entities	**232,483**	186,203	**-**	-
Gross financing and advances	**26,430,524**	21,908,429	**-**	-

52. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(d) Financing and advances (cont'd.)

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
(iii) Financing and advances analysed by profit rate sensitivity are as follows:				
Fixed rate				
- Housing financing	**3,458,004**	3,928,565	**-**	-
- Hire purchase receivables	**10,581,881**	7,211,478	**-**	-
- Other financing	**3,519,166**	3,135,334	**-**	-
Variable rate				
- Housing financing	**916,436**	668,427	**-**	-
- Other financing	**7,955,037**	6,964,625	**-**	-
Gross financing and advances	**26,430,524**	21,908,429	**-**	-
(iv) Financing and advances analysed by their economic purposes are as follows:				
Purchase of securities	**1,324,293**	52,142	**-**	-
Purchase of transport vehicles	**10,921,969**	7,938,930	**-**	-
Less: Islamic hire purchase receivables sold to Cagamas	**(268,304)**	(611,346)	**-**	-
Purchase of landed properties:				
- Residential	**5,364,137**	5,474,098	**-**	-
- Non-residential	**659,299**	615,952	**-**	-
Less: Islamic financing sold to Cagamas	**(315,069)**	(362,256)	**-**	-
Personal Use	**434,302**	344,056	**-**	-
Consumer durables	**856**	111	**-**	-
Construction	**872,845**	865,113	**-**	-
Working Capital	**7,230,993**	7,484,880	**-**	-
Credit cards	**46,343**	-	**-**	-
Other purpose	**158,860**	106,749	**-**	-
Gross financing and advances	**26,430,524**	21,908,429	**-**	-

52. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(d) Financing and advances (cont'd.)

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
(v) The maturity structure of financing and advances is as follows:				
Maturing within one year	**6,252,045**	6,521,911	**-**	-
One year to three years	**1,335,348**	838,591	**-**	-
Three years to five years	**3,352,385**	1,963,278	**-**	-
After five years	**15,490,746**	12,584,649	**-**	-
Gross financing and advances	**26,430,524**	21,908,429	**-**	-
(vi) Movements in the non-performing financing are as follows:				
Gross balance at beginning of year	**1,106,390**	1,306,138	**-**	1,306,138
Classified during the year	**425,269**	621,839	**-**	295,447
Recovered/regularised during the year	**(383,655)**	(614,967)	**-**	(269,973)
Sale of NPF, reported under Head Office	**-**	(69,448)	**-**	(69,448)
Transfer to Maybank Islamic Berhad	**-**	-	**-**	(1,245,328)
Expenses debited to customers' accounts	**5,509**	6,488	**-**	3,117
Amount written off	**(107,801)**	(143,660)	**-**	(19,953)
Gross balance at end of year	**1,045,712**	1,106,390	**-**	-
Less:				
- Specific allowance	**(561,520)**	(549,632)	**-**	-
on non-performing financing	**(558,277)**	(549,632)	**-**	-
on performing financing	**(3,243)**	-	**-**	-
Net balance	**484,192**	556,758	**-**	-
Gross financing and advances	**26,430,524**	21,908,429	**-**	-
Less:				
- Specific allowance	**(561,520)**	(549,632)	**-**	-
Net financing and advances	**25,869,004**	21,358,797	**-**	-

52. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(d) Financing and advances (cont'd.)

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
(vi) Movements in the non-performing financing are as follows (cont'd.):				
Ratio of net non-performing financing and advances				
- Including specific allowance on performing financing	**1.87%**	2.61%	**-**	-
- Excluding specific allowance on performing financing	**1.88%**	2.61%	**-**	-
(vii) Non-performing financing analysed by their economic purposes are as follows:				
Purchase of securities	**7,038**	46,701	**-**	-
Purchase of transport vehicles	**31,793**	28,470	**-**	-
Purchase of landed properties:				
- Residential	**474,157**	513,073	**-**	-
- Non-residential	**37,578**	43,493	**-**	-
Personal Use	**37,807**	34,565	**-**	-
Consumer durables	**4**	4	**-**	-
Construction	**97,321**	136,448	**-**	-
Working capital	**359,480**	303,636	**-**	-
Credit card	**534**	-	**-**	-
	1,045,712	1,106,390	**-**	-
(viii) Movements in the allowance for bad and doubtful financing accounts are as follows:				
Specific allowance				
Balance at beginning of year	**549,632**	546,075	**-**	546,075
Allowance made during the year	**193,410**	299,749	**-**	153,175
Amount written back in respect of recoveries	**(73,721)**	(98,554)	**-**	(45,503)
Amount written off	**(107,801)**	(143,660)	**-**	(19,953)
Transfer to general allowance	**-**	(2,617)	**-**	(2,617)

52. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(d) Financing and advances (cont'd.)

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Transfer to Head Office for restructuring/ reschedule of conventional loans	-	(7,267)	-	(7,267)
Sale of NPL, subsequently transferred to Head Office	-	(44,094)	-	(44,094)
Transfer to Maybank Islamic Berhad	-	-	-	(579,816)
Balance at end of year	**561,520**	549,632	-	-
General allowance				
Balance at beginning of year	**333,981**	664,196	-	663,453
Allowance made during the year	**117,165**	35,144	-	9,054
Amount written back	**(14,700)**	(743)	-	-
Transfer from specific allowance	-	2,617	-	2,617
Excess of general allowance transferred to Head Office	-	(367,233)	-	(367,233)
Transfer to Maybank Islamic Berhad	-	-	-	(307,891)
Balance at end of year	**436,446**	333,981	-	-
As a percentage of total financing and advances (less specific allowance)	**1.69%**	1.56%	-	-
As a percentage of total risk-weighted assets for credit risk, excluding deferred tax assets	**1.72%**	1.58%	-	-

52. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(e) Deferred tax assets

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
At 1 July 2008/2007	**(27,482)**	(192,303)	**-**	(192,473)
Recognised in the income statement (Note 52(r))	**(36,568)**	(16,349)	**-**	-
Recognised in equity	**5,653**	(11,303)	**-**	-
Transfer to Head Office	**-**	192,473	**-**	192,473
At 30 June 2009/2008	**(58,397)**	(27,482)	**-**	-
Presented after appropriate offsetting as follows:				
Deferred tax assets, net	**(58,397)**	(27,482)	**-**	-

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The net deferred tax assets shown in the balance sheet have been determined after appropriate offsetting.

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group :

	Allowances for losses on financing and advances RM'000	Unrealised holding reserve, impairment loss on securities and amortisation of premium RM'000	Other temporary difference RM'000	Total RM'000
At 1 July 2008	**(15,290)**	**(10,621)**	**(1,571)**	**(27,482)**
Recognised in the income statement	**(35,993)**	**-**	**(575)**	**(36,568)**
Recognised in equity	**-**	**5,653**	**-**	**5,653**
At 30 June 2009	**(51,283)**	**(4,968)**	**(2,146)**	**(58,397)**

52. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(e) Deferred tax assets (cont'd.)

Deferred tax assets of the Group (cont'd.) :

	Allowances for losses on financing and advances RM'000	Unrealised holding reserve, impairment loss on securities and amortisation of premium RM'000	Other temporary difference RM'000	Total RM'000
At 1 July 2007	(197,889)	6,191	(9,988)	(201,686)
Transfer to Head Office	197,667	(5,338)	9,527	201,856
Recognised in the income statement	(15,068)	(171)	(1,110)	(16,349)
Recognised in equity	-	(11,303)	-	(11,303)
At 30 June 2008	(15,290)	(10,621)	(1,571)	(27,482)

Deferred tax liabilities of the Group:

	Accelerated capital allowance RM'000
At 1 July 2008	-
Transfer to Head Office	-
At 30 June 2009	-
At 1 July 2007	9,383
Transfer to Head Office	(9,383)
At 30 June 2008	-

52. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(e) Deferred tax assets (cont'd.)

Deferred tax assets of the Bank:

	Allowances for losses on financing and advances RM'000	Unrealised holding reserve, impairment loss on securities and amortisation of premium RM'000	Other temporary difference RM'000	Total RM'000
At 1 July 2008	-	-	-	-
Transfer to Head Office	-	-	-	-
At 30 June 2009	-	-	-	-
At 1 July 2007	(197,667)	5,338	(9,527)	(201,856)
Transfer to Head Office	197,667	(5,338)	9,527	201,856
At 30 June 2008	-	-	-	-

Deferred tax liabilities of the Bank :

	Accelerated capital allowance RM'000
At 1 July 2008	-
Recognised in the income statement	-
At 30 June 2009	-
At 1 July 2007	9,383
Recognised in the income statement	(9,383)
At 30 June 2008	-

52. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(f) Statutory deposits with Bank Negara Malaysia

The non-interest bearing statutory deposits maintained with Bank Negara Malaysia are in compliance with Section 37(1)(c) of the Central Bank of Malaysia Act, 1958 (revised 1994), the amounts of which are determined as set percentages of total eligible liabilities.

(g) Deposit from customers

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Mudharabah Fund				
Demand deposits	**2,530,270**	2,187,023	**-**	-
Savings deposits	**163,642**	108,793	**-**	-
General Investment deposits	**10,536,150**	6,313,712	**-**	-
Negotiable instruments of deposits	**1,881,710**	3,221,824	**-**	-
	15,111,772	11,831,352	**-**	-
Non-Mudharabah Fund				
Demand deposits	**3,831,515**	3,667,974	**-**	-
Savings deposits	**4,414,806**	3,959,324	**-**	-
Fixed return investment deposit	**872,700**	-	**-**	-
Structured deposits	**547,925**	345,330	**-**	-
	9,666,946	7,972,628	**-**	-
	24,778,718	19,803,980	**-**	-

(i) The maturity structure of general investment deposits, negotiable instruments of deposits and fixed return investment deposits are as follows:

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Due within six months	**9,940,005**	7,425,036	**-**	-
Six months to one year	**2,004,990**	734,084	**-**	-
One year to three years	**1,136,674**	517,622	**-**	-
Three years to five years	**102,411**	670,150	**-**	-
After five years	**106,480**	188,644	**-**	-
	13,290,560	9,535,536	**-**	-

52. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(g) Deposit from customers (cont'd.)

(ii) The deposits are sourced from the following customers:

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Business enterprises	**7,597,068**	6,523,618	**-**	-
Individuals	**7,510,435**	6,428,066	**-**	-
Government and statutory bodies	**4,303,043**	2,535,825	**-**	-
Others	**5,368,172**	4,316,471	**-**	-
	24,778,718	19,803,980	**-**	-

(h) Deposits and placements of banks and other financial institutions

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Mudharabah Fund				
Licensed banks	**5,747,663**	2,748,619	**-**	-
Other financial institutions	**207,118**	-	**-**	-
	5,954,781	2,748,619	**-**	-
Non-Mudharabah Fund				
Licensed banks	**7,417**	2,152,692	**-**	-
Licensed merchant banks	**-**	489,096	**-**	-
Other financial institutions	**190,968**	199,228	**-**	-
	198,385	2,841,016	**-**	-
	6,153,166	5,589,635	**-**	-

52. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(i) Derivative assets and liabilities

Group	2009 Contract/ Notional Amount RM'000	2009 Fair Value Assets RM'000	2009 Fair Value Liabilities RM'000	2008 Contract/ Notional Amount RM'000	2008 Fair Value Assets RM'000	2008 Fair Value Liabilities RM'000
Profit Rate Related Contracts:						
Options	**633,450**	**22,142**	**(22,142)**	621,750	45,185	(45,185)
Profit rate swaps	**350,350**	**1,499**	**(4,996)**	70,000	-	(15)
	983,800	**23,641**	**(27,138)**	691,750	45,185	(45,200)

(j) Other liabilities

	Group 2009 RM'000	Group 2008 RM'000	Bank 2009 RM'000	Bank 2008 RM'000
Profit payable	**60,921**	64,430	**-**	-
Profit equalisation reserves (Note 52(k))	**46,477**	65,623	**-**	-
Due to Head Office	**852,190**	85,790	**-**	-
Other creditors, provisions and accruals	**61,273**	261,761	**-**	-
	1,020,861	477,604	**-**	-

(k) Profit equalisation reserves ("PER")

	Group 2009 RM'000	Group 2008 RM'000	Bank 2009 RM'000	Bank 2008 RM'000
The movement in PER are as follows :				
At 1 July 2008/2007	**65,623**	64,205	**-**	61,768
Provision made	**38,226**	56,906	**-**	10,225
Amount written back	**(57,627)**	(55,336)	**-**	-
Transfer to Maybank Islamic Berhad	**-**	-	**-**	(71,993)
Exchange difference	**255**	(152)	**-**	-
At 30 June 2009/2008	**46,477**	65,623	**-**	-

52. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(l) Provision for taxation and zakat

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Taxation	**23,313**	40,421	**-**	265,168
Zakat	**5,284**	8,659	**-**	5,058
Transfer to Head Office	**-**	-	**-**	(270,226)
	28,597	49,080	**-**	-

(m) Income derived from investment of depositors' funds

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Income from investment of:				
(i) General investment deposits	**720,034**	394,302	**-**	162,442
(ii) Other deposits	**829,744**	1,040,963	**-**	543,831
	1,549,778	1,435,265	**-**	706,273
(i) Income derived from investment of general investment deposits				
Finance income and hibah				
Financing, advances and other loans	**556,650**	309,836	**-**	141,244
Securities available-for-sale	**49,233**	28,000	**-**	10,373
Securities held-to-maturity	**2,326**	-	**-**	-
Securities held-for-trading	**1**	-	**-**	-
Money at call and deposits with financial institutions	**67,100**	37,272	**-**	7,460
	675,310	375,108	**-**	159,077
Amortisation of premium less accretion of discount	**4,353**	8,767	**-**	3,365
Total finance income and hibah	**679,663**	383,875	**-**	162,442
Other operating income:				
(a) Fees income	**39,752**	10,649	**-**	-
(b) Gain/(loss) on sale of securities available-for-sale	**1,095**	(67)	**-**	-
(c) Unrealised (loss)/gain on revaluation of derivatives	**(1,458)**	4	**-**	-
(d) Unrealised gain/(loss) on foreign exchange translation	**3,290**	(159)	**-**	-
(e) Unrealised loss on securities held-for-trading	**(5)**	-	**-**	-
(f) Impairment losses on securities	**(2,303)**	-	**-**	-
	720,034	394,302	**-**	162,442

52. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(m) Income derived from investment of depositors' funds (cont'd.)

(ii) Income derived from investment of other deposits

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Finance income and hibah				
Financing and advances	**665,540**	891,067	**-**	472,861
Securities available-for-sale	**50,664**	58,428	**-**	34,728
Securities held-to-maturity	**898**	-	**-**	-
Securities held-for-trading	**2**	-	**-**	-
Money at call and deposits with financial institutions	**60,263**	44,717	**-**	24,976
	777,367	994,212	**-**	532,565
Amortisation of premium less accretion of discount	**5,077**	20,609	**-**	11,266
Total finance income and hibah	**782,444**	1,014,821	**-**	543,831
Other operating income:				
(a) Fees income	**47,936**	26,716	**-**	-
(b) Loss on sale of securities available-for-sale	**(165)**	(172)	**-**	-
(c) Unrealised (loss)/gain on revaluation of derivatives	**(1,760)**	10	**-**	-
(d) Unrealised gain/(loss) on foreign exchange translation	**3,970**	(412)	**-**	-
(e) Unrealised loss on securities held-for-trading	**(7)**	-	**-**	-
(f) Impairment losses on securities	**(2,674)**	-	**-**	-
	829,744	1,040,963	**-**	543,831

(n) Allowances for losses on financing and advances

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Allowance for bad and doubtful financing:				
Specific allowance				
- Made	**193,410**	299,749	**-**	153,175
- Written back	**(73,721)**	(98,554)	**-**	(45,502)
General allowance made	**102,465**	34,401	**-**	9,054
Bad and doubtful financing:				
- Written off	**133**	740	**-**	13
- Recovered	**(23,635)**	(14,204)	**-**	(7,843)
	198,652	222,132	**-**	108,897

52. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(o) Income attributable to depositors

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Deposits from customers				
- Mudharabah Fund	**249,112**	156,132	**-**	81,592
- Non-Mudharabah Fund	**94,717**	229,183	**-**	107,041
Deposits and placements of banks and other financial institutions				
- Mudharabah Fund	**306,061**	35,289	**-**	14,551
- Non-Mudharabah Fund	**5,429**	64,487	**-**	46,793
	655,319	485,091	**-**	249,977

(p) Gross investment income

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Financing and advances	**105,204**	49,479	**-**	-
Securities available-for-sale	**8,009**	2,804	**-**	-
Securities held-to-maturity	**142**	-	**-**	-
Money at call and deposits with financial institutions	**9,526**	2,666	**-**	-
	122,881	54,949	**-**	-
Amortisation of premium less accretion of discount	**802**	1,104	**-**	-
Total finance income and hibah	**123,683**	56,053	**-**	-
Other operating income:				
(a) Fees income				
- Commissions	**3,793**	24,814	**-**	22,977
- Service charges and fees	**2,910**	17,975	**-**	16,647
- Other fee income	**738**	5,713	**-**	5,713
(b) Loss on sale of securities available-for-sale	**(26)**	(20)	**-**	-
(c) Unrealised (loss)/gain on revaluation of derivatives	**(279)**	1	**-**	-
(d) Unrealised gain/(loss) on foreign exchange translation	**629**	(49)	**-**	-
(e) Unrealised loss on securities held-for-trading	**(1)**	-	**-**	-
(f) Impairment losses on securities	**(422)**	-	**-**	-
	131,025	104,487	**-**	45,337

52. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(q) Overhead expenses

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Personnel expenses				
- Salaries and wages	**5,711**	96,125	**-**	93,526
- Social security cost	**23**	890	**-**	880
- Pension cost - defined contribution plan	**952**	15,329	**-**	14,961
- Other staff related expenses	**1,257**	9,810	**-**	9,689
Sub-total	**7,943**	122,154	**-**	119,056
Establishment costs				
- Depreciation	**-**	3,563	**-**	3,563
- Information technology expenses	**2,360**	27,417	**-**	27,417
- Others	**2**	28,396	**-**	27,883
Sub-total	**2,362**	59,376	**-**	58,863
Marketing costs				
- Advertisement and publicity	**5,626**	10,993	**-**	5,423
- Others	**6**	4,553	**-**	5,818
Sub-total	**5,632**	15,546	**-**	11,241
Administration and general expenses				
- Fees and brokerage	**1,754**	-	**-**	-
- Administrative expenses	**5**	6,635	**-**	6,635
- General expenses	**3,684**	10,081	**-**	6,481
Sub-total	**5,443**	16,716	**-**	13,116
Shared service cost paid/ payable to Head Office	**309,838**	157,481	**-**	-
Total	**331,218**	371,273	**-**	202,276
Included in overhead expenses are:				
Shariah Committee Members' fee and remuneration	**169**	160	**-**	160

52. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(r) Taxation

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Tax expense for the year	**151,527**	87,181	**-**	32,200
Deferred tax in relation to origination and reversal of temporary differences (Note 52(e))	**(37,712)**	(16,349)	**-**	-
Effect of changes in tax rate on opening balances of deferred tax	**1,144**	-	**-**	-
	114,959	70,832	**-**	32,200

52. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(s) Commitments and contigencies

In the normal course of business, the Bank and its subsidiaries make various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

The risk-weighted exposures of the Bank and its subsidiaries as at 30 June, are as follows:

Group and Bank	2009 Notional Amount RM'000	2009 Credit Equivalent Amount* RM'000	2009 Risk Weighted Amount* RM'000	2008 Notional Amount RM'000	2008 Credit Equivalent Amount* RM'000	2008 Risk Weighted Amount* RM'000
Direct credit substitutes	**190,877**	**190,877**	**150,107**	170,015	170,015	119,227
Certain transaction-related contingent items	**575,052**	**287,526**	**252,382**	650,224	325,112	289,899
Short-term self-liquidating trade-related contingencies	**138,077**	**27,615**	**22,778**	269,206	53,841	51,414
Islamic housing and hire purchase loans sold to Cagamas Berhad	**583,373**	**583,373**	**425,839**	973,602	973,602	792,474
Commitment on securities sold under sell and buy back agreements	**-**	**-**	**-**	40,000	40,000	8,000
Irrevocable commitments to extend credit:						
- maturity within one year	**12,392,187**	**-**	**-**	5,585,765	-	-
- maturity exceeding one year	**362,205**	**181,103**	**164,291**	242,234	121,117	104,422
Profit rate related contracts:						
- one year to less than five years	**983,800**	**22,349**	**4,470**	691,750	20,063	20,055
Miscellaneous	**8,517**	**-**	**-**	105,424	-	-
	15,234,088	**1,292,843**	**1,019,867**	8,728,220	1,703,750	1,385,491

* The credit equivalent amount and risk weighted amount are arrived at using the credit conversion factors and risk weights, respectively as specified by Bank Negara Malaysia

52. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(t) Capital adequacy

The capital adequacy ratios of the Group and the Bank as at 30 June, are as follows :

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Capital ratio				
Core capital ratio	**10.34%**	8.62%	**-**	-
Risk-weighted capital ratio	**12.03%**	10.19%	**-**	-
Tier 1 capital				
Islamic banking fund	**197,476**	111,980	**-**	-
Share premium	**1,988,500**	1,500,000	**-**	-
Other reserves	**536,608**	245,668	**-**	-
Less: Deferred tax assets	**(58,397)**	(27,482)	**-**	-
Total Tier 1 capital	**2,664,187**	1,830,166	**-**	-
Tier 2 capital				
General allowance for bad and doubtful financing	**436,446**	333,981	**-**	-
Total Tier 2 capital	**436,446**	333,981	**-**	-
Capital base	**3,100,633**	2,164,147	**-**	-

The breakdown of risk-weighted assets for credit risk (excluding deferred tax assets) in the various categories of risk-weights are as follows:

Group	2009		2008	
	Principal RM'000	Risk-Weighted RM'000	Principal RM'000	Risk-Weighted RM'000
0%	**7,577,392**	**-**	5,691,479	-
10%	**325,000**	**32,500**	37,564	3,756
20%	**777,005**	**155,401**	1,032,426	206,485
50%	**4,927,914**	**2,463,957**	4,986,066	2,493,033
100%	**22,771,346**	**22,771,346**	18,439,796	18,439,796
Total risk-weighted assets for credit risk		**25,423,204**		21,143,070
Total risk-weighted assets for market risk		**332,511**		80,221
Total risk-weighted assets for credit and market risk		**25,755,715**		21,223,291

52. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(t) Capital adequacy (cont'd.)

Bank	2009		2008	
	Principal RM'000	Risk-Weighted RM'000	Principal RM'000	Risk-Weighted RM'000
0%	-	-	2,267,600	-
10%	-	-	-	-
20%	-	-	1,811,248	362,250
50%	-	-	5,272,675	2,636,338
100%	-	-	16,843,415	16,843,415
Total risk-weighted assets for credit risk		-		19,842,003

(u) Fair values of financial assets and liabilities

The estimated fair values of those on-balance sheet financial assets and financial liabilities as at the balance sheet date approximate their carrying amounts as shown in the balance sheets, except for the following financial assets and liabilities:

Group	2009		2008	
	Carrying value RM'000	Fair value RM'000	Carrying value RM'000	Fair value RM'000
Financial assets				
Securities held-to-maturity	**196,914**	**195,839**	-	-
Financing and advances*	**25,869,004**	**26,512,214**	21,358,797	17,886,551
Financial liabilities				
Deposits from customers	**24,778,718**	**24,823,097**	19,803,980	19,813,069
Deposits and placements of banks and other financial institutions	**6,153,166**	**6,344,817**	5,589,635	5,517,135

52. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(u) Fair values of financial assets and liabilities (cont'd.)

Bank	2009		2008	
	Carrying value RM'000	Fair value RM'000	Carrying value RM'000	Fair value RM'000
Financial assets				
Securities held-to-maturity	-	-	-	-
Financing and advances*	-	-	-	-
Financial liabilities				
Deposits from customers	-	-	-	-

* The general allowance for the Group amounting to RM436,446,000 (2008: RM333,981,000) has been added back to arrive at the carrying value of the financing and advances.

The methods and assumptions used to estimate the fair values of the financial assets and financial liabilities of IBS operations are as stated in Note 47.

(v) Shariah committee

The operation of IBS is governed by Section 124(3) of the Banking and Financial Institutions Act, 1989 ("the Act"), which stipulates that "any license institution carrying on Islamic financial business, in addition to its existing licensed business may, from time to time seek the advise of the Shariah Advisory Council (SAC) established under subsection (7) of the Act, on the operations of its business in order to ensure that it does not involve any element which is not approved by the Religion of Islam" and Section IV of BNM's "Guidelines on the Governance of Shariah Committee for The Islamic Financial Institutions" known as BNM/GPS 1, stipulates that "Every Islamic institution is required to establish a Shariah Committee".

Based on the above, the duties and responsibilities of the Group's Shariah Committee are to advise on the overall Islamic Banking operations of the Group's business in order to ensure compliance with the Shariah requirements.

The roles of Shariah Committee in monitoring the Group's activities include:

(a) To advise the Board on Shariah matters in its business operations.
(b) To endorse Shariah Compliance Manuals.
(c) To endorse and validate relevant documentations.
(d) To assist related parties on Shariah matters for advice upon request.
(e) To advise on matters to be referred to the SAC.
(f) To provide written Shariah opinion.
(g) To assist the SCC on reference for advice.

The Shariah Committee at the group level has three members. All of them are also members of Shariah Committee of Sri MTB Berhad.

(w) Allocation of income

The policy of allocation of income to the various types of deposits and investments is subject to "The Framework on Rate of Return" issued by Bank Negara Malaysia in October 2001. The objective is to set the minimum standard and terms of reference for the Islamic banking institutions in calculating and deriving the rate of return for the depositors.

53. LIFE, GENERAL TAKAFUL AND FAMILY TAKAFUL FUNDS' BALANCE SHEET AS AT 30 JUNE 2009

Group	2009				2008			
	Life Fund RM'000	Family Takaful Fund RM'000	General Takaful Fund RM'000	Total RM'000	Life Fund RM'000	Family Takaful Fund RM'000	General Takaful Fund RM'000	Total RM'000
Assets								
Property, plant and equipment	**69,701**	**1,434**	**7,735**	**78,870**	66,146	1,633	5,498	73,277
Investment properties	**454,704**	**-**	**-**	**454,704**	257,618	-	-	257,618
Intangible assets	**8**	**1,472**	**91**	**1,571**	142	1,876	1,436	3,454
Investments	**7,190,728**	**4,583,794**	**630,975**	**12,405,497**	6,780,023	3,541,816	510,320	10,832,159
Loans	**412,529**	**54,271**	**1,777**	**468,577**	407,164	40,972	1,833	449,969
Receivables	**364,181**	**132,978**	**74,757**	**571,916**	161,873	75,157	71,135	308,165
Cash and bank balances	**38,596**	**40,486**	**32,796**	**111,878**	54,613	64,926	41,355	160,894
Deferred tax assets	**-**	**-**	**-**	**-**	-	-	119	119
Investment-linked business assets	**2,688,888**	**-**	**-**	**2,688,888**	3,258,894	345,420	-	3,604,314
	11,219,335	**4,814,435**	**748,131**	**16,781,901**	10,986,473	4,071,800	631,696	15,689,969
Liabilities								
Provision for outstanding claims	**221,736**	**41,404**	**212,661**	**475,801**	39,814	39,845	172,750	252,409
Other liabilities	**604,720**	**2,945,172**	**504,302**	**4,054,194**	373,974	2,961,844	444,595	3,780,413
	826,456	**2,986,576**	**716,963**	**4,529,995**	413,788	3,001,689	617,345	4,032,822
Life, general takaful and family takaful policy holders' funds	**10,392,879**	**1,827,859**	**31,168**	**12,251,906**	10,572,685	1,070,111	14,351	11,657,147
	11,219,335	**4,814,435**	**748,131**	**16,781,901**	10,986,473	4,071,800	631,696	15,689,969

(i) The operating revenue generated from the life insurance, general takaful and family takaful businesses of the Group for the financial year amounted to approximately RM3,634,505,000 (2008: RM3,454,471,000).

54. COMPARATIVES

Certain comparative amounts have been reclassified to comform with current years presentation for balance sheet as at 30 June 2008.

	Increase/(decrease)	
	Group RM'000	Bank RM'000
Liabilities		
Deposits and placements of banks and other financial institutions	(1,417,227)	(1,417,227)
Borrowings	1,417,227	1,417,227

55. DETAILS OF SUBSIDIARIES

(a) Details of the subsidiaries are as follows:

Name of Company	Principal Activities	Country of Incorporation	Issued and Paid-up Share Capital 2009 RM	Issued and Paid-up Share Capital 2008 RM	Effective Interest 2009 %	Effective Interest 2008 %
Banking						
Maybank Islamic Berhad	Islamic banking	Malaysia	**110,500,000**	100,000,000	**100.0**	100.0
PT Bank Maybank Indocorp [8]	Banking	Indonesia	**945,069,000,000** [1]	945,069,000,000 [1]	**96.8**	96.8
Maybank International (L) Ltd.	Offshore banking	Malaysia	**10,000,000** [2]	10,000,000 [2]	**100.0**	100.0
Maybank (PNG) Limited [9]	Banking	Papua New Guinea	**5,000,000** [3]	5,000,000 [3]	**100.0**	100.0
Maybank Philippines, Incorporated [8]	Banking	Philippines	**4,046,065,749** [4]	3,972,783,327 [4]	**99.97**	99.96
Bank Internasional Indonesia [8] (Acquired on 30 September 2008)	Banking	Indonesia	**3,266,706,000,000** [1]	-	**97.5**	-
Finance						
Myfin Berhad	Ceased operations	Malaysia	**551,250,000**	551,250,000	**100.0**	100.0
Sifin Berhad	Under member's voluntary liquidation	Malaysia	**100,000,000**	100,000,000	**100.0**	100.0
Aseamlease Berhad	Leasing	Malaysia	**20,000,000**	20,000,000	**100.0**	100.0
Mayban Allied Credit & Leasing Sdn. Bhd.	Financing	Malaysia	**10,000,000**	10,000,000	**100.0**	100.0
Aseam Credit Sdn. Bhd.	Hire purchase	Malaysia	**20,000,000**	20,000,000	**100.0**	100.0
Mayban Factoring Berhad	Factoring	Malaysia	**2,000,000**	2,000,000	**100.0**	100.0
PT BII Finance Centre [8]	Multi-financing	Indonesia	**15,000,000,000** [1]	-	**97.5**	-
PT Wahana Ottomitra Multiartha Tbk [8]	Multi-financing	Indonesia	**200,000,000,000** [1]	-	**48.8**	-

55. DETAILS OF SUBSIDIARIES (CONT'D.)

(a) Details of the subsidiaries are as follows: (cont'd.)

Name of Company	Principal Activities	Country of Incorporation	Issued and Paid-up Share Capital 2009 RM	Issued and Paid-up Share Capital 2008 RM	Effective Interest 2009 %	Effective Interest 2008 %
Insurance						
Mayban Fortis Holdings Berhad	Investment holding	Malaysia	**239,430,446**	239,430,446	**69.05**	69.05
Mayban Life Assurance Bhd.	Life insurance	Malaysia	**100,000,000**	100,000,000	**63.5**	63.5
Etiqa Life International (L) Ltd	Offshore investment-linked insurance	Malaysia	**3,500,000** [2]	3,500,000 [2]	**63.5**	63.5
Sri MGAB Berhad (formerly known as Mayban General Assurance Berhad)	General insurance	Malaysia	**168,957,720**	178,171,233	**69.05**	65.5
Etiqa Insurance Berhad	Composite insurance	Malaysia	**152,151,399**	152,151,399	**69.05**	69.05
Etiqa Takaful Berhad	Family & general takaful	Malaysia	**100,000,000**	100,000,000	**69.05**	69.05
Etiqa Offshore Insurance (L) Ltd	Offshore general reinsurance	Malaysia	**2,500,000** [7]	2,500,000 [7]	**69.05**	69.05
Pelangi Amanmaz Sdn. Bhd. (Acquired in July 2008)	Investment holding	Malaysia	**2**	-	**100.0**	-

55. DETAILS OF SUBSIDIARIES (CONT'D.)

(a) Details of the subsidiaries are as follows: (cont'd.)

Name of Company	Principal Activities	Country of Incorporation	Issued and Paid-up Share Capital 2009 RM	Issued and Paid-up Share Capital 2008 RM	Effective Interest 2009 %	Effective Interest 2008 %
Investment Banking						
Maybank Investment Bank Berhad (Formerly known as Aseambankers Malaysia Berhad)	Investment banking	Malaysia	**50,116,000**	50,116,000	**100.0**	100.0
Maysec Sdn. Bhd.	Investment holding	Malaysia	**162,000,000**	162,000,000	**100.0**	100.0
Maysec (KL) Sdn. Bhd.	Dormant	Malaysia	**124,000,000**	124,000,000	**100.0**	100.0
Maydis Berhad	Dormant	Malaysia	**45,000,000**	45,000,000	**100.0**	100.0
Mayban Futures Sdn. Bhd.	Dormant	Malaysia	**10,000,000**	10,000,000	**100.0**	100.0
Mayban Securities (HK) Limited [8]	Dormant	Hong Kong	**30,000,000** [6]	30,000,000 [6]	**100.0**	100.0
Mayban Securities (Jersey) Limited [9]	Investment holding	United Kingdom	**2** [7]	2 [7]	**100.0**	100.0
PhileoAllied Securities (Philippines) Inc. [8]	Dormant	Philippines	**21,875,000** [4]	21,875,000 [4]	**100.0**	100.0
Budaya Tegas Sdn. Bhd.	Investment holding	Malaysia	**2**	2	**100.0**	100.0
BinaFikir Sdn Bhd (Acquired on 11 November 2008)	Business/ Economic consultancy and advisory	Malaysia	**650,000**	-	**100.0**	**-**

55. DETAILS OF SUBSIDIARIES (CONT'D.)

(a) Details of the subsidiaries are as follows: (cont'd.)

Name of Company	Principal Activities	Country of Incorporation	Issued and Paid-up Share Capital 2009 RM	Issued and Paid-up Share Capital 2008 RM	Effective Interest 2009 %	Effective Interest 2008 %
Asset Management/ Trustees/Custody						
Mayban Indonesia Berhad	Dormant	Malaysia	**5,000,000**	5,000,000	**100.0**	100.0
Cekap Mentari Berhad	Securities Issuer	Malaysia	**2**	2	**100.0**	100.0
Mayban International Trust (Labuan) Berhad	Investment holding	Malaysia	**156,030**	153,000	**100.0**	100.0
Mayban Offshore Corporate Services (Labuan) Sdn. Bhd.	Investment holding	Malaysia	**25,005**	2	**100.0**	100.0
Mayban Trustees Berhad	Trustee services	Malaysia	**500,000**	500,000	**100.0**	100.0
Mayban Ventures Sdn. Bhd.	Venture capital	Malaysia	**14,000,000**	14,000,000	**100.0**	100.0
Mayban-JAIC Capital Management Sdn. Bhd.	Investment advisory and administration services	Malaysia	**2,000,000**	2,000,000	**51.0**	51.0
Mayban Investment Management Sdn. Bhd.	Fund management	Malaysia	**5,000,000**	5,000,000	**69.05**	69.05
Philmay Property, Inc. [8]	Property leasing and trading	Philippines	**100,000,000** [4]	100,000,000 [4]	**60.0**	60.0
Mayban (Nominees) Sendirian Berhad	Nominee services	Malaysia	**31,000**	31,000	**100.0**	100.0
Mayban Nominees (Tempatan) Sdn. Bhd.	Nominee services	Malaysia	**10,000**	10,000	**100.0**	100.0
Mayban Nominees (Asing) Sdn. Bhd.	Nominee services	Malaysia	**10,000**	10,000	**100.0**	100.0

55. DETAILS OF SUBSIDIARIES (CONT'D.)

(a) Details of the subsidiaries are as follows: (cont'd.)

Name of Company	Principal Activities	Country of Incorporation	Issued and Paid-up Share Capital 2009 RM	Issued and Paid-up Share Capital 2008 RM	Effective Interest 2009 %	Effective Interest 2008 %
Asset Management/ Trustees/Custody (cont'd.)						
Mayban Nominees (Singapore) Private Limited [8]	Nominee services	Singapore	**60,000** [5]	60,000 [5]	**100.0**	100.0
Mayban Nominees (Hong Kong) Limited [8]	Nominee services	Hong Kong	**3** [6]	3 [6]	**100.0**	100.0
Aseam Malaysia Nominees (Tempatan) Sdn. Bhd.	Nominee services	Malaysia	**10,000**	10,000	**100.0**	100.0
Aseam Malaysia Nominees (Asing) Sdn. Bhd.	Nominee services	Malaysia	**10,000**	10,000	**100.0**	100.0
Mayfin Nominees (Tempatan) Sdn. Bhd.	Nominee services	Malaysia	**10,000**	10,000	**100.0**	100.0
Mayban Securities Nominees (Tempatan) Sdn. Bhd.	Nominee services	Malaysia	**10,000**	10,000	**100.0**	100.0
Mayban Securities Nominees (Asing) Sdn. Bhd.	Nominee services	Malaysia	**10,000**	10,000	**100.0**	100.0
AFMB Nominees (Tempatan) Sdn. Bhd.	Under member's voluntary liquidation	Malaysia	**10,000**	10,000	**100.0**	100.0
Mayban Allied Berhad	Investment holding	Malaysia	**753,908,638**	753,908,638	**100.0**	100.0
Anfin Berhad	Under member's voluntary liquidation	Malaysia	**106,000,000**	106,000,000	**100.0**	100.0

55. DETAILS OF SUBSIDIARIES (CONT'D.)

(a) Details of the subsidiaries are as follows: (cont'd.)

Name of Company	Principal Activities	Country of Incorporation	Issued and Paid-up Share Capital 2009 RM	Issued and Paid-up Share Capital 2008 RM	Effective Interest 2009 %	Effective Interest 2008 %
Asset Management/ Trustees/Custody (cont'd.)						
Mayban Allied Property Holdings Sdn. Bhd.	Dormant	Malaysia	**2,000,000**	2,000,000	**100.0**	100.0
Maysec (Ipoh) Sdn. Bhd.	Dormant	Malaysia	**100,000,000**	100,000,000	**100.0**	100.0
Mayban P.B. Holdings Sdn. Bhd.	Property investment	Malaysia	**1,000,000**	1,000,000	**100.0**	100.0
Mayban Property (PNG) Limited [9]	Property investment	Papua New Guinea	**2,125,000** [3]	2,125,000 [3]	**100.0**	100.0
Mayban International Trust (Labuan) Ltd.	Trustee services	Malaysia	**40,000** [2]	40,000 [2]	**100.0**	100.0
MNI Holdings Berhad	Dormant	Malaysia	**2**	2	**69.05**	69.05
KBB Nominees (Tempatan) Sdn. Bhd.	Nominee services	Malaysia	**10,000**	10,000	**100.0**	100.0
KBB Properties Sdn. Bhd.	Ceased operations	Malaysia	**410,000**	410,000	**100.0**	100.0
Sri MTB Berhad	Dormant	Malaysia	**12,000,000**	100,000,000	**69.05**	69.05
Etiqa Overseas Investment Pte. Ltd.	Investment holding	Malaysia	**1** [2]	1 [2]	**69.05**	69.05
Peram Ranum Bhd	Dormant	Malaysia	**60,000,000**	60,000,000	**69.05**	69.05
Double Care Sdn Bhd	Dormant	Malaysia	**35,000,000**	100,000,000	**69.05**	69.05
Sorak Financial Holdings Pte Ltd (Acquired on 30 September 2008)	Investment holding	Singapore	**5,688,863** [5]	-	**100.0**	-

55. DETAILS OF SUBSIDIARIES (CONT'D.)

(a) Details of the subsidiaries are as follows: (cont'd.)

Note:

(1) Indonesia Rupiah (IDR)

(2) United States Dollars (USD)

(3) Papua New Guinea Kina (Kina)

(4) Philippines Peso (Peso)

(5) Singapore Dollars (SGD)

(6) Hong Kong Dollars (HKD)

(7) Great Britain Pound (GBP)

(8) Audited by firms affiliated with Ernst & Young

(9) Audited by firms of auditors other than Ernst & Young

56. CURRENCY

All amounts are in Ringgit Malaysia unless otherwise stated.

Analysis of Shareholdings

As at 4 August 2009

Authorised Share Capital : 10,000,000,000
Paid-Up Share Capital : 7,077,664,368
Class of Shares : Ordinary Share of RM1 each
Voting Right : 1 vote per Ordinary Share

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
Less than 100	1,334	2.17	25,374	0.00
100 to 1,000 shares	12,455	20.27	9,119,465	0.13
1,001 to 10,000 shares	36,094	58.74	136,657,869	1.93
10,001 to 100,000 shares	10,243	16.67	277,894,672	3.93
100,001 to less than 5% of issued shares	1,317	2.15	2,089,895,902	29.53
5% and above of issued shares	3	0.00	4,564,071,086	64.48
TOTAL	**61,446**	**100.00**	**7,077,664,368**	**100.00**

Substantial Shareholders as per the Register of Substantial Shareholders

No.	Name of Shareholders	No. of Shares Held	% of Shares
1.	Amanah Raya Nominees (Tempatan) Sdn Bhd (Skim Amanah Saham Bumiputera)	3,248,988,369	45.90
2.	Employees Provident Fund Board	845,784,834	11.95
3.	Permodalan Nasional Berhad	469,297,883	6.63

Top Thirty Shareholders as per the Record of Depositors

No.	Name of Shareholders	No. of Shares Held	% of Shares
1.	Amanah Raya Nominees (Tempatan) Sdn Bhd (Skim Amanah Saham Bumiputera)	3,248,988,369	45.90
2.	Employees Provident Fund Board	845,784,834	11.95
3.	Permodalan Nasional Berhad	469,297,883	6.63
4.	Amanah Raya Nominees (Tempatan) Sdn Bhd (Amanah Saham Malaysia)	166,486,733	2.36
5.	Lembaga Kemajuan Tanah Persekutuan (FELDA)	158,606,688	2.24
6.	Kumpulan Wang Persaraan (Diperbadankan)	138,833,325	1.96
7.	Valuecap Sdn Bhd	119,562,817	1.69
8.	Amanah Raya Nominees (Tempatan) Sdn Bhd (Amanah Saham Wawasan 2020)	118,553,640	1.68
9.	Malaysia Nominees (Tempatan) Sendirian Berhad (Great Eastern Life Assurance (Malaysia) Berhad (PAR 1))	63,798,481	0.90
10.	HSBC Nominees (Asing) Sdn Bhd (Exempt AN for the Bank of New York Mellon (Mellon Acct))	60,076,493	0.85

Top Thirty Shareholders as per the Record of Depositors (Continued)

No.	Name of Shareholders	No. of Shares Held	% of Shares
11.	HSBC Nominees (Tempatan) Sdn Bhd (Nomura Asset Mgmt Malaysia for Employees Provident Fund)	34,423,393	0.49
12.	Amanah Raya Nominees (Tempatan) Sdn Bhd (Sekim Amanah Saham Nasional)	31,530,793	0.44
13.	Khazanah Nasional Berhad	30,607,762	0.43
14.	HSBC Nominees (Asing) Sdn Bhd (BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund)	28,975,858	0.41
15.	Cartaban Nominees (Asing) Sdn Bhd (Government of Singapore Investment Corporation Pte Ltd for Government of Singapore (C))	26,621,723	0.38
16.	Lembaga Tabung Angkatan Tentera	26,308,381	0.37
17.	HSBC Nominees (Asing) Sdn Bhd (Exempt AN for JPMorgan Chase Bank, National Association (U.S.A.))	26,193,831	0.37
18.	Citigroup Nominees (Tempatan) Sdn Bhd (Exempt AN for Prudential Fund Management Berhad)	25,889,000	0.37
19.	HSBC Nominees (Asing) Sdn Bhd (Exempt AN for JPMorgan Chase Bank, National Association (Norges Bank))	24,877,165	0.35
20.	Pertubuhan Keselamatan Sosial	23,035,219	0.33
21.	SBB Nominees (Tempatan) Sdn Bhd (Employees Provident Fund Board)	22,532,550	0.32
22.	Cartaban Nominees (Asing) Sdn Bhd (State Street for Ishares, Inc.)	21,470,420	0.30
23.	Citigroup Nominees (Tempatan) Sdn Bhd (Exempt AN for American International Assurance Berhad)	21,445,029	0.30
24.	HSBC Nominees (Asing) Sdn Bhd (Exempt AN for JPMorgan Chase Bank, National Association (U.A.E.))	20,795,231	0.29
25.	AllianceGroup Nominees (Tempatan) Sdn Bhd (PHEIM Asset Management Sdn Bhd for Employees Provident Fund)	19,215,593	0.27
26.	HDM Nominees (Asing) Sdn Bhd (Lim & Tan Securities Pte Ltd for Topview Holdings Limited)	17,004,693	0.24
27.	Yong Siew Yoon	14,218,747	0.20
28.	Cartaban Nominees (Asing) Sdn Bhd (State Street for MSCI Equity Index Fund B Malaysia (Barclays G Inv))	13,383,417	0.19
29.	Citigroup Nominees (Asing) Sdn Bhd (Exempt AN for OCBC Securities Private Limited (Client A/C-NR))	10,814,604	0.15
30.	AM Nominees (Tempatan) Sdn Bhd (Employees Provident Fund Board (A/C1))	10,565,000	0.15
	TOTAL	**5,839,897,672**	**82.51**

Classification of Shareholders

As at 4 August 2009

Category	No. of Shareholders		No. of Shareholdings		% of Total Shareholdings	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
Individual						
a. Bumiputra	4,077		29,865,805		0.42	
b. Chinese	41,677		317,492,610		4.48	
c. Indian	1,753		11,134,671		0.16	
d. Others	266	2,172	1,934,471	50,910,930	0.03	0.72
Body Corporate						
a. Banks/Finance	70	3	1,611,782,617	473,100	22.77	0.01
b. Investment/Trust	8		1,546,264		0.02	
c. Societies	18		3,029,212		0.04	
d. Industrial	736	60	131,098,017	14,754,351	1.85	0.21
Government Agencies/ Institution	15		193,082,322		2.73	
Nominees	7,138	3,453	4,002,277,428	708,282,570	56.55	10.01
TOTAL	**55,758**	**5,688**	**6,303,243,417**	**774,420,951**	**89.05**	**10.95**

Changes in Share Capital

Authorised Share Capital

The present authorised share capital of the Bank is RM10,000,000,000 divided into 10,000,000,000 ordinary shares of RM1.00 each. Details of changes in its authorised share capital since its incorporation are as follows:-

Date	Increase in Authorised Share Capital	Total Authorised Share Capital
31-05-1960	20,000,000	20,000,000
06-09-1962	30,000,000	50,000,000
09-04-1977	150,000,000	200,000,000
17-01-1981	300,000,000	500,000,000
06-10-1990	500,000,000	1,000,000,000
09-10-1993	1,000,000,000	2,000,000,000
19-06-1998	2,000,000,000	4,000,000,000
11-08-2004	6,000,000,000	10,000,000,000

Issued and Paid-Up Share Capital

Details of changes in the Bank's issued and paid-up share capital since its incorporation are as follows:-

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Resultant Total Issued and Paid-Up Capital RM
31-05-1960	1,500,000	5.00	Cash	7,500,000
18-05-1961	500,000	5.00	Cash	10,000,000
31-05-1962	1,000,000	5.00	Rights Issue (1:2) at RM7.00 per share	15,000,000
21-08-1968	1,500,000	5.00	Rights Issue (1:2) at RM7.00 per share	22,500,000
04-01-1971	22,500,000	1.00*	Rights Issue (1:1) at RM1.50 per share	45,000,000
06-05-1977	15,000,000	1.00	Capitalisation of Share Premium Account (Bonus Issue 1:3)	60,000,000
23-06-1977	30,000,000	1.00	Rights Issue (1:2) at RM3.00 per share	90,000,000
21-02-1981	30,000,000	1.00	Capitalisation of Share Premium Account (Bonus Issue 1:3)	120,000,000
10-04-1981	60,000,000	1.00	Rights Issue (1:2) at RM4.00 per share	180,000,000
14-11-1984	45,000,000	1.00	Capitalisation of Share Premium Account (Bonus Issue 1:4)	225,000,000
28-12-1984	45,000,000	1.00	Rights Issue (1:4) at RM6.00 per share	270,000,000
31-11-1985	68,249	1.00	Conversion of Unsecured Notes	270,068,249
15-11-1986	9,199,999	1.00	Issued in exchange for purchase of Kota Discount Berhad (Now known as Mayban Discount Berhad)	279,268,248
01-12-1986	10,550	1.00	Conversion of Unsecured Notes	279,278,798
29-07-1987 to 20-10-1987	90,000	1.00	Exercise of Employees' Share Option Scheme ("ESOS")	279,368,798
30-11-1987	11,916	1.00	Conversion of Unsecured Notes	279,380,714
08-06-1988	27,938,071	1.00	Capitalisation of Share Premium Account (Bonus Issue 1:10)	307,318,785
30-11-1988	10,725	1.00	Conversion of Unsecured Notes	307,329,510

Changes in Share Capital

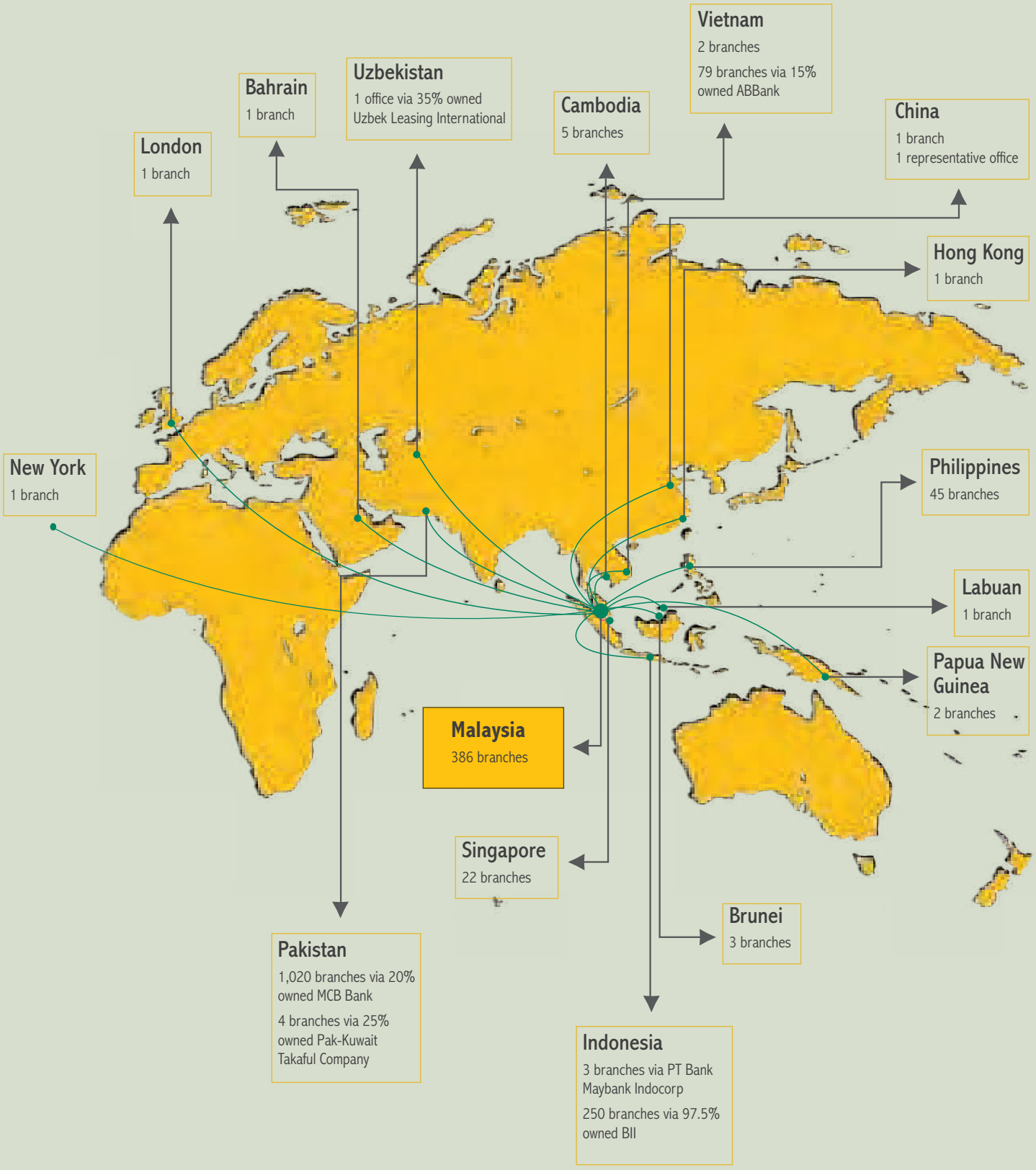
Issued and Paid-Up Share Capital (Continued)

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Resultant Total Issued and Paid-Up Capital RM
16-03-1989 to 21-06-1989	9,198,206	1.00	Exchange for Kwong Yik Bank Berhad ("KYBB") shares	316,527,716
11-07-1989 to 23-11-1989	7,555,900	1.00	Exercise of Employees' Share Option Scheme ("ESOS")	324,083,616
30-11-1989	46,174,316	1.00	Conversion of Unsecured Notes	370,257,932
01-12-1989 to 24-10-1990	4,508,900	1.00	Exercise of Employees' Share Option Scheme ("ESOS")	374,766,832
16-11-1990	187,383,416	1.00	Capitalisation of Share Premium Account (Bonus Issue 1:2)	562,150,248
27-11-1990	11,550	1.00	Exercise of Employees' Share Option Scheme ("ESOS")	562,161,798
30-11-1990	280,497	1.00	Conversion of Unsecured Notes	562,442,295
03-01-1991	3,300	1.00	Exercise of Employees' Share Option Scheme ("ESOS")	562,445,595
03-01-1991	188,991,002	1.00	Rights Issue (1:2) at RM5.00 per share	751,436,597
04-01-1991	4,950	1.00	Rights Issue (1:2) upon ESOS at RM5.00 per share	751,441,547
25-01-1991 to 28-11-1991	726,000	1.00	Exercise of Employees' Share Option Scheme ("ESOS")	752,167,547
30-11-1991	35,197	1.00	Conversion of Unsecured Notes	752,202,744
11-12-1991 to 20-05-1992	5,566,000	1.00	Exercise of Employees' Share Option Scheme ("ESOS")	757,768,744
30-11-1992 to 30-11-1993	3,153,442	1.00	Conversion of Unsecured Notes	760,922,186
18-01-1994	380,461,093	1.00	Capitalisation of Share Premium Account (Bonus Issue 1:2)	1,141,383,279
29-12-1994	2,030,428	1.00	Conversion of Unsecured Notes	1,143,413,707
19-06-1998	1,143,413,707	1.00	Capitalisation of Share Premium and Retained Profit Account (Bonus Issue 1:1)	2,286,827,414
21-09-1998 to 09-10-2001	72,909,000	1.00	Exercise of Employees' Share Option Scheme ("ESOS")	2,359,736,414
23-10-2001	1,179,868,307	1.00	Capitalisation of Retained Profit Account (Bonus Issue 1:2)	3,539,604,721
25-10-2001 to 05-08-2003	60,567,200	1.00	Exercise of Employees' Share Option Scheme ("ESOS")	3,600,171,921
29-09-2004 to 10-08-2007	290,898,600	1.00	Exercise of Employees' Share Option Scheme ("ESOS")	3,891,070,521
17-08-2007 to 06-02-2008	13,159,500	1.00	Exercise of Employees' Share Option Scheme ("ESOS")	3,904,230,021
20-02-2008	976,057,505	1.00	Capitalisation of Share Premium Account (Bonus Issue 1:4)	4,880,287,526
22-02-2008 to 24-10-2008	859,625	1.00	Exercise of Employees' Share Option Scheme ("ESOS")	4,881,147,151
27-04-2009	2,196,516,217	1.00	Rights Issue (9:20) at RM2.74 per share	7,077,663,368
29-07-2009	1,000	1.00	Exercise of Employees' Share Option Scheme ("ESOS")	7,077,664,368

*The par value of the Bank's shares was changed from RM5.00 to RM1.00 on 25 November 1968

Maybank Group Global Network

1,700 Branches & Offices



Properties Owned by Maybank Group

Area	No of Properties		Land Area (sq m.)	Book Value as at 30.6.2009 (RM)
	Freehold	Leasehold		
Maybank				
Kuala Lumpur	13	17	50,305.18	228,510,330.71
Johor Darul Takzim	33	10	20,382.02	59,058,625.44
Kedah Darul Aman	11	8	6,621.83	11,465,882.22
Kelantan Darul Naim	1	6	2,325.00	3,002,334.33
Melaka	1	6	3,531.00	6,125,477.57
Negeri Sembilan Darul Khusus	12	5	23,655.20	8,701,502.31
Pahang Darul Makmur	9	16	16,471.80	13,166,160.68
Perak Darul Ridzuan	19	8	11,478.35	15,706,568.65
Perlis Indera Kayangan	1	3	1,475.00	1,772,082.13
Pulau Pinang	26	3	14,283.26	27,292,648.49
Sabah	-	21	15,218.40	26,745,033.14
Sarawak	9	14	6,962.97	21,104,866.13
Selangor Darul Ehsan	29	16	104,796.84	120,337,929.89
Terengganu Darul Iman	7	2	4,329.00	4,694,487.01
Hong Kong	-	2	193.00	HKD1,320,618.55
London	-	6	1,215.00	GBP513,304.66
Singapore	12	12	26,926.00	SGD110,421,977.40
Maybank International (L) Ltd				
W.P. Labuan	-	3	1,089.81	USD200,155.93
Mayban Life Assurance Berhad				
Kuala Lumpur	-	1	4,506.00	58,593,096.76
Negeri Sembilan Darul Khusus	1	-	148.64	220,000.00
Mayban General Assurance Berhad				
Kuala Lumpur	-	1	2,706.00	38,969,021.12
Sabah	-	1	186.00	254,881.37
Pulau Pinang	1	-	171.00	570,000.00
Johor Darul Takzim	1	-	125.41	530,000.00
Kedah Darul Aman	1	-	613.53	4.00

Area	No of Properties		Land Area (sq m.)	Book Value as at 30.6.2009 (RM)
	Freehold	Leasehold		
Mayban PB Holdings				
Kuala Lumpur	-	2	747.59	2,691,565.40
Johor Darul Takzim	2	1	1,330.00	2,392,555.20
Pahang Darul Makmur	1	2	595.42	1,097,539.58
Perak Darul Ridzuan	1	1	857.74	2,527,033.29
Pulau Pinang	1	-	445.93	844,450.39
Sabah	-	2	446.31	992,611.34
Sarawak	-	1	314.00	975,531.45
Selangor Darul Ehsan	2	2	1,594.77	3,508,179.10
Aseambankers Malaysia Berhad				
Negeri Sembilan Darul Khusus	1	2	591.97	477,328.53
Pahang Darul Makmur	1	1	229.11	340,602.29
Pulau Pinang	1	-	84.04	154,380.00
Perak Darul Ridzuan	-	1	260.00	243,842.45
ETIQA				
Kuala Lumpur	2	2	28,363.03	452,000,000.00
Johor Darul Takzim	2	-	464.52	1,159,090.00
Kedah Darul Aman	1	1	514.33	1,274,930.00
Kelantan Darul Naim	-	1	298.00	320,000.00
Melaka	-	1	452.00	1,250,000.00
Negeri Sembilan Darul Khusus	2	1	486.41	2,565,840.00
Pahang Darul Makmur	1	2	18,335.10	3,054,000.00
Perlis Indera Kayangan	1	-	286.14	500,000.00
Pulau Pinang	1	1	621.59	3,450,000.00
Sabah	-	2	5,170.05	2,079,222.00
Sarawak	-	1	222.96	1,600,000.00
Selangor Darul Ehsan	2	1	136,152.57	19,405,750.00
Terengganu Darul Iman	1	-	111.48	900,000.00

List of Top 10 Properties Owned by Maybank Group

As at 30 June 2009

Location	Description	Current Use	Tenure	Remaining Lease Period (Expiry Date)	Age of Building	Land Area (sq.m.)	Year of Acquisition	Net Book Value (RM'000)
Etiqa Twins No.11, Jalan Pinang Kuala Lumpur	27-storey Twin Office Buildings	Office & Rented out	Freehold	-	14 years	6,612	1994	330,000,000.00
Menara Maybank, 100 Jalan Tun Perak Kuala Lumpur	58-storey Office Building	Head office & Rented out	Freehold	-	21 years	35,494	1978	144,363,542.11
Dataran Maybank No. 1, Jalan Maarof Bangsar	2 Blocks of 20 storey and a block 22 storey Office Buildings	Office & Rented out	Leasehold 99 years	77 years (3.12.2085)	8 years	9,918	2000	135,061,821.10
2 Battery Road Maybank Tower Singapore	32-storey Office Building	Office	Leasehold 999 years	818 years (2825)	7 years	9,401	1962	S$73,321,805.94
Menara Etiqa 23, Jalan Melaka Kuala Lumpur	25-storey Office Building	Office & Rented out	Leasehold 99 years	58 years (2065)	14 years	1,960	1994	53,000,000.00
Lot 379, Section 96 Bangsar, Kuala Lumpur	Vacant Land	Rented out	Leasehold 99 years	58 years (25.7.2065)	-	15,417	1975	29,000,000.00
Johor Bahru City Square Level 1(M1-22), 2(M2-15) 3 (M3-25) and Level 8 City Square, Johor Bahru	Retail Units- Level 1 (podium) Level 2 (podium) Level 3 (podium) Level 8 (office tower)	Office	Leasehold 99 years	84 years (14.6.2091)	8 years	3,972	2000	27,935,843.70
Jalan Air Itam Bangi, Kajang Selangor	5-storey Building	Maybank Training Complex	Leasehold 99 years	79 years (18.12.2086)	21 years	80,692	1987	25,138,936.47
Lot 12, Jalan Astaka U8/84 Seksyen U8, Bukit Jelutong Shah Alam	7-storey Office & Industrial Building	Call Centre	Freehold	-	11 years	6,091	1997	22,609,252.44
1079, Section 13 Shah Alam	Commercial Land	Vacant	Leasehold 99 years	95 years (11.3.2102)	-	135,492	1994	17,211,256.00

Group Directory

As at 30 June 2009

Commercial Banking

Maybank
14th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Tel: (6)03 2070 8833
Fax: (6)03 2031 0071
Website: www.maybank2u.com
Email: publicaffairs@maybank.com.my

Maybank Islamic Berhad
14th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Tel: (6)03 2070 8833
Fax: (6)03 2031 0071
Website: www.maybank2u.com/maybankislamic

P.T. Bank Maybank Indocorp
17th Floor, Menara Sona Topas
Jalan Jenderal Sudirman Kav. 26
Jakarta 12920
Indonesia
Tel: (62)21 250 6446
Fax: (62)21 250 6445
Website: www.maybank2u.com

Maybank Philippines Incorporated
Legaspi Towers 300
Roxas Boulevard
Manila 1004
Philippines
Tel: (632)523 7777
Fax: (632)521 8513
Website: www.maybank2u.com/philippines
Email: mayphil@maybank.com.ph

Maybank (PNG) Ltd
Corner Waigani Road/Islander Drive
P.O. Box 882 Waigani, National Capital District
Papua New Guinea
Tel: (675)325 0101
Fax: (675)325 6128
Website: www.maybank2u.com
Email: maybankpom@datec.net.pg

Maybank International (L) Ltd
Level 16 (B), Main Office Tower
Financial Park Labuan
Jalan Merdeka
87000 Wilayah Persekutuan Labuan
Tel: (6)087 414 406
Fax: (6)087 414 806
Website: www.maybank2u.com
Email: millmit@streamyx.com

P.T. Bank Internasional Indonesia Tbk
Plaza BII, Tower 2, 6th Floor
Jl.MH.Thamrin No. 51
Jakarta 10350
Indonesia
Tel: (62)21 230 0888
Fax: (62)21 230 1380
Website: www.bii.co.id
Email: cs@bii.co.id

Investment Banking

Maybank Investment Bank Berhad
(Formerly known as Aseambankers Malaysia Berhad)
33rd Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Tel: (6)03 2059 1888
Fax: (6)03 2078 4194
Website: www.maybank-ib.com
Email: enquiries@maybank-ib.com

Insurance

Mayban Fortis Holdings Berhad
Level 19, Tower C
Dataran Maybank
No. 1, Jalan Maarof
59000 Kuala Lumpur
Tel: (6)03 2297 3888
Fax: (6)03 2297 3800
Website: www.etiqa.com.my
Email: info@etiqa.com.my

Sri MGAB Berhad
(Formerly known as Mayban General Assurance Berhad)
Level 19, Tower C
Dataran Maybank
No. 1, Jalan Maarof
59000 Kuala Lumpur
Tel: (6)03 2297 3888
Fax: (6)03 2297 3800
Website: www.maybank2u.com

Mayban Life Assurance Bhd
Level 19, Tower C
Dataran Maybank
No. 1, Jalan Maarof
59000 Kuala Lumpur
Tel: (6)03 2297 3888
Fax: (6)03 2297 3800
Website: www.maybank2u.com

Etiqa Life International (L) Ltd
Level 11B, Block 4 Office Tower
Financial Park Complex
Jalan Merdeka
87000 Wilayah Persekutuan Labuan
Tel: (6)087 582 588
Fax: (6)087 583 588
Website: www.maybank2u.com

Etiqa Offshore Insurance (L) Ltd
Level 11B, Block 4 Office Tower
Financial Park Complex
Jalan Merdeka
87000 Wilayah Persekutuan Labuan
Tel: (6)087 417 672
Fax: (6)087 417 675
Website: www.etiqa.com.my
Email: info@etiqa.com.my

Etiqa Insurance Berhad
Level 19, Tower C
Dataran Maybank
No. 1, Jalan Maarof
59000 Kuala Lumpur
Tel: (6)03 2297 3888
Fax: (6)03 2297 3800
Website: www.etiqa.com.my
Email: info@etiqa.com.my

Etiqa Takaful Berhad
Level 19, Tower C
Dataran Maybank
No. 1, Jalan Maarof
59000 Kuala Lumpur
Tel: (6)03 2297 3888
Fax: (6)03 2297 3800
Website: www.etiqa.com.my
Email: info@etiqa.com.my

Others

Mayban Investment Management Sdn Bhd
Level 13, Tower C
Dataran Maybank
No. 1, Jalan Maarof
59000 Kuala Lumpur
Tel: (6)03 2297 7888
Fax: (6)03 2297 7800
Website: www.maybank2u.com

Mayban Trustees Berhad
34th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Tel: (6)03 2078 8363
Fax: (6)03 2070 9387
Website: www.maybank2u.com
Email: mtb@maybank.com.my

Mayban Ventures Sdn Bhd
41st Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Tel: (6)03 2032 2188
Fax: (6)03 2031 2188
Website: www.mayban-ventures.com.my

Mayban Venture Capital Company Sdn Bhd
41st Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Tel: (6)03 2032 2188
Fax: (6)03 2031 2188

Mayban-JAIC Capital Management Sdn Bhd
41st Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Tel: (6)03 2032 2188
Fax: (6)03 2031 2188

Mayban Agro Fund Sdn Bhd
41st Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Tel: (6)03 2032 2188
Fax: (6)03 2031 2188
Website: www.mayban-ventures.com.my

Mayban-JAIC Management Ltd
41st Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Tel: (6)03 2032 2188
Fax: (6)03 2031 2188
Website: www.mayban-ventures.com.my

Mayban (Nominees) Sendirian Berhad
14th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Tel: (6)03 2070 8833
Fax: (6)03 2031 0071
Website: www.maybank2u.com

Mayban Nominees (Tempatan) Sdn Bhd
14th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Tel: (6)03 2070 8833
Fax: (6)03 2031 0071

Mayban Nominees (Asing) Sdn Bhd
14th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Tel: (6)03 2070 8833
Fax: (6)03 2031 0071

Mayban Securities Nominees (Tempatan) Sdn Bhd
Level 8, Tower C
Dataran Maybank
No.1, Jalan Maarof
59000 Kuala Lumpur
Tel: (6)03 2297 8888
Fax: (6)03 2282 5136

Mayban Securities Nominees (Asing) Sdn Bhd
Level 8, Tower C
Dataran Maybank
No.1, Jalan Maarof
59000 Kuala Lumpur
Tel: (6)03 2297 8888
Fax: (6)03 2282 5136

Maybank

MALAYAN BANKING BERHAD
(Company No. 3813-K)
(Incorporated in Malaysia)

FORM OF PROXY
For the 49th Annual General Meeting

Number of shares held	CDS Account No
	- -

Please refer to the notes below before completing this Form of Proxy.

I/We _____ NRIC/Co No _____
(full name in block letters)

of _____ Telephone No _____
(full address)

a shareholder/shareholders of MALAYAN BANKING BERHAD, hereby appoint

_____
(full name in block letters)

of _____
(full address)

or failing him/her _____
(full name in block letters)

of _____
(full address)

or failing him/her, the Chairman of the meeting, as my/our proxy to vote for me/us on my/our behalf at the 49th Annual General Meeting of Malayan Banking Berhad to be held at the Grand Ballroom, Level 1, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Wednesday, 30 September 2009 at 10.00 a.m. and at any adjournment thereof for the following resolutions as set out in the Notice of Annual General Meeting:-

No.	Resolution	For	Against
	Ordinary resolutions:		
1	Receipt of Audited Financial Statements and Reports		
2	Declaration of Final Dividend		
3	Re-election of the following Directors in accordance with Article 100:- i. Spencer Lee Tien Chye		
4	ii. Tan Sri Datuk Dr Hadenan A. Jalil		
5	iii. Dato' Seri Ismail Shahudin		
6	iv. Dato' Dr Tan Tat Wai		
7	v. Zainal Abidin Jamal		
8	vi. Alister Maitland		
9	vii. Cheah Teik Seng		
10	viii. Dato' Johan Ariffin		
11	ix. Sreesanthan Eliathamby		
12	Payment of Directors' fees of RM993,958.87 for the financial year ended 30 June 2009.		
13	Re-appointment of Messrs. Ernst & Young as Auditors.		
14	Authorisation for Directors to issue shares pursuant to Section 132D of Companies Act, 1965.		

My/Our proxy is to vote on the resolutions as indicated by an "X" in the appropriate space above. If no indication is given, my/our proxy shall vote or abstain as he/she thinks fit.

Dated this _____ day of _____ 2009

_____
Signature(s) of shareholder(s)

Notes:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy must be a member of the Company, an Advocate, an approved Company Auditor or a person approved by the Companies Commission of Malaysia. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, under its common seal or in some other manner approved by its Directors.
2. A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the Meeting provided that where a member is an authorised nominee as defined under the Securities Industry (Central Depository) Act 1991, it may appoint at least one proxy but not more than two(2) proxies each in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
3. Duly completed Form of Proxy must be deposited at the Company's registered office at 14th Floor, Menara Maybank, 100 Jalan Tun Perak, 50050 Kuala Lumpur not less than forty-eight (48) hours before the time set for the Meeting and any adjournment thereof.
4. For a Form of Proxy executed outside Malaysia, the signature must be attested by a Solicitor, Notary Public, Consul or Magistrate.
5. Only members registered in the Record of Depositors on or before 12.30 p.m., on 25 September 2009 shall be eligible to attend the Annual General Meeting.

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STAMP

Corporate Services
MAYBANK
14th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Malaysia

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